

# Further Considerations to Textiles EPR and Complementary Measures

Final Report

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## Report For

Policy Hub – Circularity for Apparel & Footwear

## Prepared By

Toby Connock, Lucie Long, Daniel Stunell, Eleanor Lewis, Kayleigh Lee-Simion, Caitlin Harrington-Smith

## Quality Review

Chris Sherrington

## Approved By



Chris Sherrington  
(Project Director)

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### Eunomia Research & Consulting Ltd

37 Queen Square

Bristol

BS1 4QS

United Kingdom

Tel +44 (0)117 9172250

Fax +44 (0)8717 142942

Web [www.eunomia.co.uk](http://www.eunomia.co.uk)

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# Glossary

Term	Definition
3D Bedding	Bedding items that are not two dimensional, such as pillows and duvets.
Accessories	Items that are meant to be worn by a consumer that are not clothing or footwear (both fibre and non-fibre).
Apparel	Clothing (textile e.g., fabric and non-textile e.g., leather, skins), footwear and accessories (hats, scarves and similar).
Authorised representative	The legal entity appointed by a producer in a Member State so that they can fulfil their EPR obligations in that Member State.
B2B	Business to business.
B2C	Business to consumer.
Bathroom Textiles	Textiles typically used in a bathroom such as towels, cloths etc.
Brand	A particular company under a particular name. The term also refers to a well-established company, which may have a selection of horizontally or vertically integrated operations at different points in the supply chain. This term cannot be defined precisely enough to form the basis of regulation.
Bulky homewares	Larger or heavier “bulky” items that require special handling or disposal techniques, such duvets, pillows, mattresses, furniture and carpets.
C2C	Consumer to consumer.
Closed online marketplace	Allows sellers to register to the site and offer their products for sale. In most cases these marketplaces check on the data sellers give them before they are allowed to use the site. The consumer typically pays the site who passes the payment back to the seller. Products are mostly sent directly from the seller to the buyer (in contrast, see also “Open online marketplace”). E.g., Asos.
Clothing	Items worn to cover your body (both fibre and non-fibre).
Commercial consumer products	Products sold to commercial organisations for business use. The scope of products is defined in Section 4, Products in Scope.
Commercial furnishings	Furnishings that have been designed and tested for use in business interiors e.g., hotel mattresses, office furniture, carpets etc.
Commercial homewares	Furnishings that have been designed and tested for use in business rather than household settings.
Commercial linens	Items such as 2D bedding, bathroom textiles, purchased fabrics for use in commercial settings e.g., hotels, restaurants etc.
Deadstock	New stock that goes unsold to the intended final consumer (i.e., leftover stock at a retailer).

Digital Product Passport	Potential information requirement for textiles products (among other industries) in the upcoming Eco-design for Sustainable Product Regulation (ESPR).
Distributor	An economic actor that buys finished products, to sell on, usually to wholesalers and retailers. For the purposes of this study, a distributor fulfils the same role as a wholesaler.
Fee modulation	The variation of fees (bonus and malus) according to whether producers have met designated good design – or other pro-environmental changes - criteria for products placed on the market. Also referred to as eco-modulation.
Economic operator	Any business or other organisation involved in the supply of goods, works or services (e.g., manufacturer, importer, wholesaler, distributor, retailer, online marketplace).
End-of-life (EoL)	The stage of the lifecycle where textiles are no longer wanted and go through a management system to process it for reuse, remanufacturing, recycling or disposal.
EPR	Extended Producer Responsibility.
ESPR	Eco-design for Sustainable Product Regulation.
Euratex	European Apparel and Textile Confederation.
EuRIC	European Recycling Industries' Confederation.
Fee modulation	The variation of fees (bonus and malus) according to whether producers have met designated good design – or other pro-environmental changes - criteria for products placed on the market. Also referred to as eco-modulation.
Final consumer	The actor in the value chain who purchases the product for use, who may be an individual, business, or government entity.
Footwear	Apparel items worn on the feet, both fibre and non-fibre.
Fulfilment Service Provider (FSP)	Supports other economic operators in physically handling products, for example, warehousing, packaging and shipping sellers' products.
Granularity in reporting	Refers to the detailed breakdown of reporting categories.
Harmonization	The act of enforcing the same requirements across all EU member states.
Household and professional linen	Items such as 2D bedding, bathroom textiles, small curtains, purchased fabrics and similar.
Household textiles	Individual consumer textile products that are used in the home.
Individual consumer products	Products purchased sold to individual consumers (rather than a business). The scope of products is defined in Section 4 (Products in Scope).
Industrial textiles	Typically technical textiles used within industrial practices e.g., agriculture, automotive, medical.

IPOM	Items Placed on the Market.
IPR	Individual Producer Responsibility is a policy approach similar to EPR but where a specific Economic Operator takes direct responsibility for the take back of their own specific products at end-of-life.
Kitchen textiles	Textiles typically used in the kitchen such as tablecloths, napkins, drying up cloths etc.
Leisure textiles	A broad term for textiles not used for commercial purposes that are not typical apparel or homeware items e.g., tents, sleeping bags, technical footwear and headwear e.g., ski boots, sports equipment e.g., helmets, shin guards, sails, fabric based suitcases etc.
Manufacturer	Any economic operator whose activity involves manufacturing, i.e., all stages before the product is "consumer ready".
Manufacturing	All stages before the product is a finished "consumer ready" item.
Mono-material	A product that is composed of a single material or fibre. In the case of textiles, this is often referred to predominantly in the case of the textile material composition.
Multiple-brand shops	Physical shop that sells multiple companies' products.
Municipal waste management	Local government arranged waste management.
National	Within the confines of a single Member State.
Non-national	Based outside of a given Member State's EPR jurisdiction, whether in the EU or a third country, and lacking a legal entity in the Member State under EPR jurisdiction.
Non-technical workwear	Workwear comparable to conventional clothing in that has not been designed with particular properties for use in technical situations e.g., office uniforms.
Obligated producer	The entity in the value chain that is deemed responsible for paying the EPR fee for a specified product.
OECD	Organization for Economic Cooperation and Development.
Online marketplace	A form of online platform that connects multiple sellers to consumers. These marketplaces allow 3rd party professional sellers to offer their own products for sale on the site. Marketplaces differ in the degree of oversight and control they have over the sellers who use their site (see also "closed" and "open" online marketplaces).
Open online marketplace	Allows sellers to register to the site and offer their products for sale. Sellers can register themselves easily with few checks. It can also be the case that the marketplace facilitates the link between sellers and consumers, but the consumer pays the seller directly. Products will be sent directly from the seller to the buyer. E.g., eBay.



Preparation for recycling	Pre-processing activities to prepare textile waste for recycling processes, such as removal of attachments (i.e., zippers, buttons), removal of trims & stitching, cleaning etc. to meet the input specification of textile recyclers.
Pre-sale textiles	Product or material that has not reached the use phase of the textiles lifecycle through sale to the intended final consumer.
POM	Placed on the market.
Post-sale textiles	Product or material that has been sold to a final consumer.
PRO	Producer Responsibility Organisation. A collective body which takes charge of meeting the legislative requirements of producers under EPR.
PRODCOM	PRODucts of the European COMMunity. A European Union (EU) wide survey of production mainly for the manufacturing industries.
Producer register	A governmental body whose role is to collate information on obligated producers under EPR, usually with the aim of having a list of EPR compliant producers that consumers can consult.
Product environmental footprint	The Product Environmental Footprint (PEF) is a multi-criteria measure of the environmental performance of a good or service throughout its life cycle.
Production waste	Waste textile material produced during production e.g., fibre waste, fabric waste & damaged stock.
Recycling	For the purposes of this report, recycling refers to the reprocessing stage of the material value chain where waste materials are utilised as secondary raw materials in new products. For textiles, this is predominantly fibre recycling.
Reporting (in the context of EPR)	Refers to the declaration of products placed on the market by obligated producers.
Reporting product categories	The types of items declared in the reporting process.
Reporting units of measure	The units of measure used by producers for products placed on the market (e.g., number of items or weight of items).
Retailer	Any actor that offers products for sale to the consumer in an EPR jurisdiction, regardless of what other elements of the retail value chain they also deliver, or where the retailer themselves is based. The physical delivery of the product may be by another economic operator. A retailer may use either online and/or 'bricks and mortar' sales routes.
Reused Products	Products that have been placed on the market, sold to a first consumer (individual or commercial) and then passed on from this first consumer to a new consumer.
Second-hand actors	Entities involved in the selling of non-new items to final consumers, whether online or physical, B2C or C2C, with charitable status or not, etc.
Seller	Entity selling a product, either directly to the final consumer or through a retailer.

Single-brand shop	Physical shop through which a producer sells their own products.
Sorting for recycling	The process by which clothing is sorted by fibre composition for subsequent preparation for recycling.
Sorting for reuse	The process by which bales of clothing are sorted into fractions to be sold for reuse.
Small producers	Producers placing small quantities of textiles on the market.
SME	Small to medium sized enterprise: enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.
Technical textiles	In the context of this report, materials and products manufactured primarily for their technical and performance properties and typically for use in commercial settings than for individual use e.g., agricultural textiles, medical automotive.
Textiles	Encompasses all apparel, household and commercial linens, homewares, workwear and technical textiles as defined here.
Textile blends	Textiles that contain a blend of different types of fibre.
Textile end-point	The point at which a textile enters EoL management. This could either be where it does not fulfil its intended "first use" (e.g., production waste, unsold retail products), or has been utilised in some way and is discarded (in the case of used textile products).
UNCOMTRADE	United Nation's Common Format for Transient Data Exchange.
Unsold retail products	Products such as deadstock, returned products or damaged stock that are not sold to the intended final consumer.
Value chain	Process by which businesses receive raw materials, add value to them through production, manufacturing and other processes to create a finished product, to then sell to final consumers.
VAT	Value Added Tax.
Web shop	Online shop through which a producer sells their own products via their website.
WFD	Waste Framework Directive 2008/98/EC.
Wholesaler	An economic actor that buys finished products in large quantities, to sell on, usually to retailers. For the purposes of this study, a wholesaler fulfils the same role as a distributor.
Workwear	Clothing worn specifically for work, including both non-technical items such as uniforms, as well as heavy-duty clothes for manual and industrial labour.

# 1.0

## The Necessity for Harmonisation of EU Textiles Policy

The textiles industry is a highly complex, interconnected value chain that plays an important role in global economies. However, it is also accountable for significant negative impacts on the environment. In 2020, total consumption of clothing, household textiles and footwear in Europe amounted to 6.6 million tonnes (15kg per person). That same year, textile consumption in Europe had, on average, the fourth highest impact on the environment and climate change from a global life cycle perspective, after food, housing and mobility.<sup>1</sup>

Current European environmental regulation is unfit to tackle the impacts associated with the textile sector. Existing regulation under Article 11(1) of the Waste Framework Directive (WFD) merely requires Member States to set up separate collections for textiles by 2025, though Member States also have a generalised power to create Extended Producer Responsibility (EPR) schemes. The collection obligation constitutes a small piece of the puzzle in ensuring appropriate management of used and waste textiles and can only be the beginning of the move to achieving a circular textiles economy. At a national level, policy is equally inadequate in driving the transition to a sustainable textiles industry. France remains the only Member State that has established and implemented EPR. Sweden, the Netherlands, Spain & Italy all have laws or draft proposals to obligate textiles EPR – but the schemes themselves are yet to be implemented.

Nonetheless, the European Commission is taking steps towards implementing an appropriate policy framework. Textiles were identified as a key value chain in the EU Circular Economy Action Plan published in March 2020.<sup>2</sup> In March 2022, the Commission also published its Strategy for Sustainable and Circular Textiles, suggesting clear areas for future policy change.<sup>3</sup> A fundamental component of the EU Textile Strategy is the proposal for EPR for textiles to become a requirement. It will be essential in the move away from linear consumption pathways and towards a European circular economy for textiles of reduced environmental impact.

## Policy Harmonisation is Essential

Of significant importance in delivering effective EU policy is the principle of **harmonisation**. This is of particular relevance, given many European nations are already forging ahead with amending legislation (France) or the development and implementation of new textiles EPR schemes (the Netherlands, Sweden and several more).

The EU Textile Strategy provides a proposal for the development of harmonised EU-level minimum requirements for how textiles EPR should be implemented and operationalised through the WFD. This harmonisation will be essential to **deliver and amplify the environmental benefits EPR seeks to achieve, by ensuring the requirements and incentives are sending clear and consistent signals**, and for aiding compliance and minimising costs, by **ensuring consistency and thus administrative efficiency for producers obligated**. Without clear harmonisation of requirements at EU level, significant divergence between national EPR schemes in different Member States is almost certain. This will result in inconsistent approaches that may in fact lead to opposing outcomes – creating policy tensions and ultimately inefficiencies in delivering higher rates of reuse & recycling in a circular economy for textiles.

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<sup>1</sup> European Environment Agency (2022) Textiles and the Environment: The Role of Design in Europe's Circular Economy. Available at: <https://www.eea.europa.eu/publications/textiles-in-europes-circular-economy>

<sup>2</sup> EU Commission (2020) Circular Economy Action Plan. Available at: [https://ec.europa.eu/environment/circular-economy/pdf/new\\_circular\\_economy\\_action\\_plan.pdf](https://ec.europa.eu/environment/circular-economy/pdf/new_circular_economy_action_plan.pdf)

<sup>3</sup> European Commission (2022) EU Strategy for Sustainable and Circular Textiles. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52022DC0141&from=EN>



## Report Scope & Approach

There are a number of critical areas in which harmonisation of EPR will be essential to realise the fullest benefits. These include determining:

1. What EPR can and should deliver, the objectives of schemes, and the principles on which they should operate.
2. How EPR should be designed, including:
  - a. The producers obligated to pay fees;
  - b. The responsibilities of all stakeholders within the scheme; and
  - c. The products in scope.
3. How the various requirements of the scheme are delivered, including:
  - a. Fee structure and calculation;
  - b. Modulation of fees and modulation criteria to drive design changes;
  - c. The principles and nature of the reporting system;
  - d. The actual structure of reporting, and how progress will be evaluated (Key Performance Indicators (KPIs)); and
  - e. Mechanisms for due diligence and enforcement of the policy.
4. Supporting requirements for the effective delivery of the policy, such as:
  - a. Standards for collection, sorting, recycling and export of textiles to ensure high-quality, efficient systems for management of used and waste textiles; and
  - b. Standardised definitions for key terms and processes related to management of used and waste textiles, including when used textiles become waste, and conversely the end-of-waste criteria for when waste textiles are reclassified as no longer waste.

This study focuses on providing concrete recommendations and insights for what a harmonised EU framework for textiles EPR would need to look like for four of these areas:

- **the objectives & the principles of EPR (1);**
- **the producers that should be obligated to pay fees (2a);**
- **the products in scope (2c); and**
- **the principles on which reporting systems must be designed (3c).**

This report provides concrete recommendations and insights, that can contribute to the forthcoming revisions of the WFD in respect of EPR for textiles to deliver harmonisation. This work has been supported by engagement with representatives across the textiles industry across manufacturing, retail & end-of-life (EoL) management, government and non-governmental organisations (NGOs). We are cognisant of the fact such changes might be delivered directly in the revised WFD legislation, or via a subsequent implementing act for textiles, or some combination. We also note that desirable EU policy actions on textiles under those instruments could extend beyond the provision of EPR, however it is EPR specifically that is the focus of the current report. The outcomes also indicate further areas in which the Commission must develop its thinking beyond the scope of the WFD, to inform subsequent policy deliberations, such as Commission recommendations for guidance, or textiles specific Implementing Acts.

In order to deliver the study, Eunomia:

- Reviewed the initial recommendations for harmonisation of EU textiles EPR as presented in Eunomia's February 2022 report for Changing Markets and European Environmental Bureau (EEB);
- Carried out a literature review and associated critical analysis of the desired policy outcomes to determine potential options, and supporting rationale; and
- Undertook stakeholder engagement in the form of focus groups with key industry stakeholders to gather supplementary data, test our thinking and identify any issues, in order to develop the final recommendations outlined in this report (see A 7.0).

It should be noted that work for this project began in the autumn of 2022. Measures to mitigate environmental impacts of textiles may have evolved slightly in Europe (including EPR schemes) between the time that research was conducted and publication of the report. Nonetheless, this report's conclusions remain highly relevant.

## **Looking Beyond the Scope of This Work**

It is important to recognise that EPR alone is not the answer to all of the textile sector's challenges. Significant additional policy will be required to deliver change – as recognised by the EU Textile Strategy (e.g., Eco-Design for Sustainable Products Regulation (ESPR), proposal for Digital Product Passports (DPP)), and may in turn facilitate the delivery of effective and efficient EPR. The requirement for harmonisation will be equally relevant and necessary across all textiles policy to reap the benefits of harmonisation set out earlier. Complementary investigations such as assessing the impacts of different financing mechanisms for (EoL) management activities and different levels of scheme cost coverage will be just as important.

Global textiles policy at the moment is undeveloped, and there is a significant opportunity for industry, policymakers and NGOs to come together to identify the most appropriate way to deliver circularity and achieve reductions in environmental impact. Each stakeholder group has significant value and experience to add to ensure the design and delivery of policy that works for all. There will certainly be impacts (both positive and negative) for all in the textiles sector. However, if agreement can be reached on the objectives and principles of textiles EPR & wider policy then a harmonised approach can be delivered to most effectively drive a systemic transition to a more circular, sustainable textiles industry.



# 2.0

## Defining the Objectives and Principles for Textiles EPR

# 2.1 Introduction and Summary

There are numerous sustainability challenges that the textiles sector must overcome to reduce its impact. EPR is a core policy instrument of the Strategy for Sustainable Textiles through which the EU intends to drive improvements in EoL collection and management, and upstream decisions on design in support of improved EoL treatment.

However, without clear direction and harmonisation of EPR policy (and by extension wider textile policy) with regards to driving environmental benefit, there is the potential for Member States to implement schemes with differing coverage or objectives. Similarly, low minimum requirements for textiles EPR at EU level are highly likely to result in Member States developing their own bespoke, and non-aligned, additional requirements as they implement national schemes. This will weaken overall effectiveness across the EU. Equally, for those obligated (and by extension indirectly impacted) within EPR schemes – variations in compliance requirements will result in increased administrative burden and associated costs.

As such, harmonisation on the objectives of textiles EPR and the principles on which schemes should be designed, implemented and operated are key.

## 2.1.1 Headline Recommendations

Based on Eunomia's analysis, the following objectives and principles are recommended. The full exploration and rationale is found in the relevant sections of this chapter, which should be referred to for a complete understanding of the recommendations.

### 2.1.1.1 Objectives for EPR

1. **Supporting design changes.** Providing a mechanism by which design changes in support of circularity and reduced environmental impact can be incentivised.
2. **Optimising separate collection.** Ensure separate collection systems are in place to divert material away from residual waste.
3. **Delivering sorting & pre-processing.** Ensure sorting & pre-processing systems & technologies are developed and optimised to deliver quality, valuable products and materials for reuse & recycling markets.
4. **Supporting reuse.** Support the reuse sector through the implementation of collection & management systems that retain the quality of collected products & materials.
5. **Supporting the development of high-quality recycling.** Supporting the development of the necessary recycling systems to deliver high-quality secondary raw materials.
6. **Accounting for costs of disposal.** Ensure the cost of disposal is included in EPR fees, thus reducing the cost burden on municipalities and citizens, in line with the polluter pays principle.
7. **Supporting Innovation.** Support investigation of methods and technologies to optimise management of materials in support of circularity.
8. **Driving consumer behaviour change.** Incentivise consumers to change their behaviour in support of waste prevention, reuse and diversion of material from residual waste.
9. **Ensuring appropriate administration of the scheme.** Ensure the appropriate scheme governance & due diligence systems are in place for the effective delivery of the scheme.



## 2.1.1.2 Principles on Which EPR Should Operate

1

### Respect the Polluter Pays Principle

Appropriate cost coverage (in line with polluter pays principle) for the textiles producers place on the market. The magnitude of these costs should be sufficient to achieve the agreed targets for the EPR scheme.

2

### Ensure Only Necessary Costs

Costs paid by producers should not exceed those necessary to provide waste management services in a cost-efficient way, in accordance with the WFD.

3

### Ensure Product Differences are Accounted for

Fees payable to the EPR scheme should be differentiated to reflect the variable costs of end of life management for different product classes.

4

### Provide Mechanisms by Which Producers can be Incentivised to Design for Reduced Impact

Producers can be incentivised to change design to support reduction in environmental impact through both differentiated fees and additional eco-modulation.

Where eco-modulation is used to achieve this, it should be aligned with other policy tools available under the Eco-Design for Sustainable Product Regulation (ESPR).

5

### Enable Consumer Involvement

Consumers should be enabled to play their part and correctly manage used textiles and textiles waste.

This should be delivered by providing easy opportunities to use collection systems, ensuring consumers know how to do effectively, and are motivated to do so.

6

### Ensure Equal Treatment

EPR policy should ensure producers, by way of their origin or size, are not disproportionately burdened by regulation in comparison to their peers.

Equally EPR policy should ensure that sales channel or geographical location does not enable producers to take less responsibility for their products.

7

### Facilitate Scheme Evolution

Individual schemes need to be able to evolve, based on knowledge gained, improved capabilities to act, and greater evidence on what level of change is needed.

This should extend to an ability to raise product and EoL management standards over time.

8

### Ensure Appropriate Scheme Due Diligence & Enforcement

Sufficient oversight and enforcement mechanisms must be in place to ensure compliance with scheme requirements.

This will ensure a level playing field, and ensure a strong incentive for producers live up to their obligations. It will also ensure that those entities receiving contributions from the EPR scheme to handle used and waste textiles are using the funding in an appropriate manner to deliver improvements in the management of end-of-life textiles.

9

### Deliver Harmonisation Across Textiles EPR Policy

Harmonisation will be critical to amplify environmental benefit, ensure well-functioning reuse & secondary raw material markets, and reduce the burden on obligated entities.

10

### Focus on What EPR Does Best

Recognise that EPR cannot solve all issues in the textiles sector and there is a key role for other policy instruments and actions by business to deliver a sustainable and circular textiles sector.

11

### Support Wider Textiles EPR Policy Ambition

Member States should be able to go further than minimum requirements for EPR. However, as much as possible this should be coordinated at EU level to ensure that, where appropriate, this can be replicated and harmonised across Member States.

## 2.2 End-of-Life Textiles – The Challenge

Textiles are an essential part of our lives. Not only do they have key functional roles within myriad products (apparel, footwear, homewares, industry) but they are a fundamental part of creative expression. They are also an important part of the global economy. In 2021, the global textile market was valued at \$993.6 billion. In the EU-27 alone, just under 7 million tonnes of textile products were produced in 2020, while imports totalled 8.7m tonnes.<sup>4,5,6</sup>

However, the production, use and disposal of these products result in extensive environmental, social and biodiversity impacts, felt throughout the value chain.<sup>7</sup> This consumption in the EU had on average the fourth highest negative impact on the environment and climate change from a global life cycle perspective, after food, housing and mobility.<sup>8</sup>

What's more, a growing global population, alongside society's need and growing desire for these products, has meant that the production and consumption of textiles is increasing – in many cases due to overconsumption. With an expected compound annual growth rate of 4% from 2022 to 2030,<sup>9</sup> existing problems will only be amplified.

From a production perspective, there is currently not enough but increasing embedding of “sustainable” raw material and manufacturing practices (i.e. use of secondary raw materials; eco-design for circularity & product longevity; implementation of resource & energy efficient technologies). This results in high levels of greenhouse gas emissions, water depletion & pollution, land use & habitat loss, and soil pollution.<sup>10</sup>

These impacts are compounded by increasing manufacturing, in many cases due to consumer demand and consumption. On top of this, products are being utilised less, with insufficient engagement with waste prevention, circular business models (like reuse and repair) and sustainable consumer behaviour.

EPR is fundamentally an instrument designed to improve EoL collection and management, though it may also influence upstream decisions that create EoL problems, especially if features such as fee modulation are deployed with this in mind. The current systems in place to collect and manage EoL products already

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<sup>4</sup> Ellen MacArthur Foundation (2017) A New Textiles Economy: Redesigning Fashion's Future. Available at: <https://ellenmacarthurfoundation.org/a-new-textiles-economy> (Accessed 24 October 2022)

<sup>5</sup> European Environment Agency (2022) Textiles and the environment: the role of design in Europe's circular economy. Available at: <https://www.eea.europa.eu/publications/textiles-and-the-environment-the#:~:text=From%20the%20perspective%20of%20European,after%20food%2C%20housing%20and%20mobility>. (Accessed 24 October 2022)

<sup>6</sup> World Bank (2019) European Union Textiles and Clothing Exports, Imports, Tariffs by country 2019. Available at: [https://wits.worldbank.org/CountryProfile/en/Country/EUN/Year/2019/TradeFlow/EXPIMP/Partner/by-country/Product/50-63\\_TextCloth#](https://wits.worldbank.org/CountryProfile/en/Country/EUN/Year/2019/TradeFlow/EXPIMP/Partner/by-country/Product/50-63_TextCloth#) (Accessed 24 October 2022)

<sup>7</sup> Eunomia on behalf of Changing Markets Foundation & European Environmental Bureau (2022) Driving a Circular Economy for Textiles through EPR. Available at: <https://www.eunomia.co.uk/reports-tools/driving-a-circular-economy-for-textiles-through-epr/> (Accessed 24 October 2022)

<sup>8</sup> European Environment Agency (2022) Textiles and the environment: the role of design in Europe's circular economy. Available at: <https://www.eea.europa.eu/publications/textiles-and-the-environment-the#:~:text=From%20the%20perspective%20of%20European,after%20food%2C%20housing%20and%20mobility>. (Accessed 24 October 2022)

<sup>9</sup> Grandview Research (2021) Textile Market Size, Share & Trends Analysis Report. Available at: <https://www.grandviewresearch.com/industry-analysis/textile-market>

<sup>10</sup> Ellen Macarthur Foundation (2017) a New Textiles Economy: Redesigning Fashion's Future. Available at: [https://emf.thirdlight.com/file/24/lwnEDbf15JTFoAlw\\_2QI2Yg-6y/A-New-Textiles-Economy\\_Summary-of-Findings\\_Updated\\_1-12-17.pdf](https://emf.thirdlight.com/file/24/lwnEDbf15JTFoAlw_2QI2Yg-6y/A-New-Textiles-Economy_Summary-of-Findings_Updated_1-12-17.pdf)

face major challenges – resulting in an almost exclusively linear textiles lifecycle, and meaning EPR is a fundamentally important tool for this sector. These EoL challenges are outlined below:<sup>11</sup>

- 1. Insufficiencies in collection systems.** While separate collection systems for textile products exist in some Member States, this is not yet standard.<sup>12</sup> There is also insufficient engagement by consumers with these systems. This means that only 30-35% of textiles discarded are collected separately.<sup>13</sup> Issues in the quality of collected products have also been highlighted by stakeholders. This is due both to increased quantities of poor quality clothing in circulation, as well as reductions in the quality of collected material due to how they are collected. For example, deposition of wet/soiled textiles into collection banks combined with infrequent collections of deposited material, results in contamination of a proportion of textiles in the collection bank.
- 2. The undermining of reuse systems due to the presence of high proportions of non-reusable textiles in collection streams.** Reuse is a core component of circularity within the textiles sector through the resale of products. However, there is a growing volume of low-quality textile products placed on the market (POM) that are unsuitable for reuse. This is compounded by continued high labour costs & time required to manually sort for reuse. This results in increased costs (sorting greater volumes of material) with a decreasing quantity of material that can be sold for reuse. Equally, sorting of the textiles unsuitable for reuse into recycling bales is currently for the most part economically unviable, as end-markets (a key part of any business case for this investment) do not exist at scale. As such, without recycling end-markets, this results in greater quantities that must be disposed of. This reduces the revenues that reuse organisations and sorters can generate,<sup>14</sup> undermining the effectiveness and continued viability of reuse systems.
- 3. Highly manual and inefficient sorting & preparation of textiles for recycling.** Sorting for recycling, as with reuse, is currently highly labour intensive and, therefore, expensive. There are also currently insufficient automated sorting technologies suitable to support the granularity of sorting necessary for recycling. For example, there are challenges in the accurate identification and sorting of material by composition to meet recycler requirements (fibre types, chemicals treatments etc.). This is compounded by the fact that sorted materials must then be pre-processed appropriately for recycling. Identification and removal of product elements disruptive to recycling (i.e. trims, chemical coatings, attachments) is manual and time-consuming – further increasing cost to a level that is significantly higher than the price that recyclers pay the sorters. Significant investment in the infrastructure is necessary to deliver high-throughput systems that efficiently, accurately and at high yield sort and pre-process textiles. This is also a precondition for creating a supply of recycled content that enablers the industry to meet product requirements in the ESPR legislation.<sup>15</sup>
- 4. A lack of widespread fibre-to-fibre recycling.** There are few commercial-scale recycling facilities in existence that deliver high-quality outputs suitable to replace virgin textile fibres in new products. These technologies also have strict input requirements, complicating aggregation of sufficient, consistent quantities of material from sorters. To ensure these economies of scale, harmonisation of approach to preparing these feedstocks will be essential.
- 5. Significant levels of residual waste disposal.** An estimated 2.2 million tonnes of textiles are disposed of each year in residual waste.<sup>16</sup> The cost of this disposal through household waste currently sits with municipalities, and by extension citizens (through taxes).
- 6. Issues with the export of textiles classified as “reusable”.** Some sorted products are sent for reuse through export, with much of it going to developing nations. However, as they are designated as reusable, this means that none of the checks necessary through the Waste Shipment Regulation apply. As such, there are no controls to check that those designated as “reusable” are actually reusable. This means a proportion of materials arriving at international reuse sites are wholly inappropriate for reuse, resulting in disposal. This can often result in landfilling in unmanaged sites, inappropriate incineration,

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<sup>11</sup> Eunomia on behalf of Changing Markets Foundation & European Environmental Bureau (2022) Driving a Circular Economy for Textiles through EPR. Available at: <https://www.eunomia.co.uk/reports-tools/driving-a-circular-economy-for-textiles-through-epr/>

<sup>12</sup> There is a requirement for Member States to implement separate collection by 2025 through the Waste Framework Directive.

<sup>13</sup> McKinsey & Co (2022) Scaling textile recycling in Europe – turning waste into value. Available at: <https://www.mckinsey.com/industries/retail/our-insights/scaling-textile-recycling-in-europe-turning-waste-into-value>

<sup>14</sup> Focus group with textiles industry stakeholders on Products in Scope, on 9 November 2022

<sup>15</sup> Ibid.

<sup>16</sup> CBI (2021) The European Market Potential for Recycled Fashion. Available at: <https://www.cbi.eu/market-information/apparel/recycled-fashion/market-potential>

or illegal dumping. Given the lack of controls to trace the end-destination for exported materials, this also results in a lack of accountability.<sup>17,18</sup>

The industry is rapidly approaching a perfect storm due to our consumption habits. Existing systems supporting circularity are under threat (in the case of reuse) or underutilised and underdeveloped (in the case of repair & other circular economy business models), while the necessary tools for enhancing circularity (such as recycling) are not being scaled rapidly enough.

It is, therefore, essential that a wider textiles policy framework that extends beyond EPR & the WFD is designed and implemented that effectively addresses these myriad issues to support:

1. The circularity of products and materials:
2. Reductions in waste generation and disposal in residual waste, minimising landfilling and incineration; and
3. A transition to sustainable consumption.

## 2.2.1 The Waste Framework Directive

The WFD – lays down measures to:

*protect the environment and human health by preventing or reducing the generation of waste, the adverse impacts of the generation and management of waste and by reducing overall impacts of resource use and improving the efficiency of such use, which are crucial for the transition to a circular economy and for guaranteeing the Union's long-term competitiveness.<sup>19</sup>*

The WFD sets out general principles for a legislative framework to improve waste management which apply regardless of the material/product, as well as some more specific requirements for particular waste streams. It provides standardised requirements and guidance for Member States with regards to waste prevention and management to support waste prevention, divert material from residual waste to prepare for reuse and recycling, and improve waste management to protect human health and the environment (further detail is provided in Appendix A 2.0). These general requirements are also an essential component of a circular textiles system that keeps materials consumption within planetary boundaries and mitigates human health impacts.

Given the particular challenges presented by textiles, the WFD has not delivered the systemic change necessary for the sector. Therefore, as part of the Circular Economy Action Plan<sup>20</sup> and EU Strategy for Sustainable and Circular Textiles<sup>21</sup> (“EU Textile Strategy”), a review of the WFD was deemed necessary to *“improve the overall environmental outcome of waste management in line with the waste hierarchy and the implementation of the polluter pays principle.”*

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<sup>17</sup> Greenpeace (2022) How Fast Fashion is using the Global South as a dumping ground for textile waste. Available at: <https://www.greenpeace.org/static/planet4-international-stateless/2022/04/9f50d3de-greenpeace-germany-poisoned-fast-fashion-briefing-factsheet-april-2022.pdf>

<sup>18</sup> Plastic Soup Foundation (2022) The Massive Dumping of Discarded Clothing in Ghana and Chile Must Stop. Available at: <https://www.plasticsoupfoundation.org/en/2022/03/the-massive-dumping-of-discarded-clothing-in-ghana-and-chile-must-stop/>

<sup>19</sup> Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain directives 2018. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02008L0098-20180705&from=EN> (Accessed 24 October 2022)

<sup>20</sup> EU Commission (2020) Circular Economy Action Plan. Available at: [https://ec.europa.eu/environment/circular-economy/pdf/new\\_circular\\_economy\\_action\\_plan.pdf](https://ec.europa.eu/environment/circular-economy/pdf/new_circular_economy_action_plan.pdf)

<sup>21</sup> European Commission (2022) EU Strategy for Sustainable and Circular Textiles. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52022DC0141&from=EN>

## 2.2.2 Delivering Effective EPR Policy in the EU Through Harmonisation

One crucial element raised for revision, both as part of the Commission's engagement with stakeholders and by the wider industry, is with regard to EPR. Implementing and operating well-designed EPR schemes for a range of products is a fundamental element in operationalising the polluter pays principle in the transition towards a circular economy.<sup>22</sup>

The WFD provides minimum requirements regarding the design, establishment and operation of EPR for any waste stream (as summarised in Appendix A 1.0).<sup>23</sup> The objective of these minimum requirements is to support a consistent approach to EPR that can respond to the environmental challenges posed by the management of used and waste textiles. The WFD provides the opportunity for Member States to require obligated producers to be responsible for all costs of managing products at EoL including collection, treatment & disposal, communications, and reporting. However, the current minimum requirements are generic, and the mandate for meeting these obligations and determining how they are met for a specific product or material sits with individual Member States. This means that they have both leeway in how these minimum requirements are achieved, and the power to exceed them. Even if the EU mandates textiles EPR, without additional detail on how it should be implemented, the current generic WFD requirements for EPR are unlikely to result in a harmonised approach.

Historical evidence for other EPR schemes, such as for packaging, demonstrates different objectives, interpretations and approaches to EPR policy implementation and operation are likely to emerge at Member State level in the absence of a stricter harmonised framework from the EU. It is, therefore, only natural to expect that in the absence of policy change, a similar situation will occur with textiles EPR schemes. This has the potential to result in vastly different requirements between Member States, posing a problem for effectiveness and efficiency.

It is anticipated that the upcoming WFD revisions will further extend the general minimum requirements for EPR to amplify environmental benefit. This will support meeting the objectives of Circular Economy Action Plan for a *"concerted strategy for a climate-neutral, resource-efficient and competitive economy"* and a means to *"accelerate the transition towards a regenerative growth model that gives back to the planet more than it takes, advance towards keeping its resource consumption within planetary boundaries, and therefore strive to reduce its consumption footprint and double its circular material use rate in the coming decade."*<sup>24</sup>

For textiles, changes could build significantly on the existing requirement to implement separate collection systems by 2025, and the binding 2030 target to divert 60% of municipal waste to preparation for reuse, or recycling. A proposal for mandatory targets for preparing for reuse and recycling of textile waste will also be considered as part of the EU's 2024 waste legislation review. It is reasonable to expect that other Member States will rely on EPR schemes to meet these targets. Equally, in the context of driving a Europe-

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<sup>22</sup> The polluter pays principle is enshrined in EU Law within Article 191(2) of the Treaty on the Functioning of the European Union: "Union policy on the environment shall aim at a high level of protection taking into account the diversity of situations in the various regions of the Union. It shall be based on the precautionary principle and on the principles that preventive action should be taken, that environmental damage should as a priority be rectified at source and that the polluter should pay. OJEU (2012) Consolidated Version of The Treaty on the Functioning of the European Union, Official Journal of the European Union. Available at <http://eur-lex.europa.eu/legalcontent/EN/TXT/PDF/?uri=CELEX:12012E/TXT&from=EN>

<sup>23</sup> Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain directives 2018. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02008L0098-20180705&from=EN>

<sup>24</sup> EU Commission (2020) Circular Economy Action Plan. Available at: [https://ec.europa.eu/environment/circular-economy/pdf/new\\_circular\\_economy\\_action\\_plan.pdf](https://ec.europa.eu/environment/circular-economy/pdf/new_circular_economy_action_plan.pdf)

wide approach to improve the management of used and waste textiles, there would be merit in the European Commission mandating textiles EPR for all Member States, as it has done for selected other waste streams, and this could have significant advantages for producers and consumers alike.

This will require a transformational shift across the textile sector, placing significant responsibilities on producers and waste management operators, as well as the organisation responsible for the delivery of the EPR scheme.

Without clear direction and harmonisation of EPR policy (and by extension wider textile policy) with regards to driving environmental benefit, there is the potential for Member States to implement schemes with differing coverage or objectives. This will weaken overall effectiveness across the EU.

Differing national decisions on aspects of EPR such as the products in scope, who pays, and which behaviours are incentivised or disincentivised via fee modulation could all lead to a much weaker and confusing “signal” for the sector in terms of what changes are required. Similarly, low minimum requirements for textiles EPR at EU level are highly likely to result in Member States developing their own bespoke, and non-aligned, additional requirements as they implement national schemes.

Equally, for those obligated (and by extension indirectly impacted) within EPR schemes – variations in compliance requirements will result in increased administrative burden and associated costs. For textiles EPR this could be particularly burdensome for smaller entities that do not have the economies of scale (or labour) to deliver on requirements across jurisdictions, in particular if the producer is selling into multiple Member States.

Given the challenges presented, in order to fully harness the power of the single EU market and so drive positive change through textile EPR, it is imperative that industry and policymakers unite around a common position on:

- What the objectives of EPR for textiles should be in the EU;
- The principles on which EPR for textiles should operate;
- What this means in terms of the current minimum requirements for EPR in the WFD, and how these could be built upon through upcoming WFD revisions; and
- Additional regulation that will be required beyond the WFD textiles.

### 2.2.3 Defining the Objectives of EPR

The definition of EPR from the Organisation for Economic Cooperation and Development (OECD) is *“an environmental policy approach in which a producer’s responsibility for a product is extended to the post-consumer stage of a product’s life cycle”*.<sup>25,26</sup> This is delivered by:

1. Shifting of responsibility for EoL management (physically and/or economically; fully or partially) upstream toward the producer and away from municipalities and, by extension, citizens; and
2. Providing incentives to producers to take into account environmental considerations when designing their products.

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<sup>25</sup> OECD (2016) Extended Producer Responsibility, Updated Guidance for Efficient Waste Management, OECD Publishing, Paris (Accessed 26 October 2021)

<sup>26</sup> OECD Extended Producer Responsibility. Available at: <https://www.oecd.org/env/waste/extended-producer-responsibility.htm> (Accessed 26 October 2021)



These overarching objectives clearly link with a number of the resource use and management issues identified in Appendix A 1.0. These are summarised in Table 2-1; based either on the management of EoL materials or incentivising more “environmental” product design. We would note that while EPR is undoubtedly a necessary step to address the issues identified, it may not, in isolation, always be sufficient to deliver a full solution. Additional policy will be required to complement the areas that EPR cannot address (further discussed in section 2.2.5).

**Table 2-1: Resource Use & Management Issues Addressed through EPR**

Lifecycle Stage	Relevant Resource Use & Management Issues
Raw Materials	Lack of secondary raw materials. Insufficient embedding of design for circularity and product longevity (durability, repair, recycling).
Collection	Increasing quantities of material entering EoL collection systems. Insufficient engagement with and/or lack of separate collection systems. Quality of products impacted in some cases by collection method.
Reuse & Circular Economy Business Models	Viability of existing reuse systems impacted by lowering product quality and, in some cases, low profitability of Circular Economy business models.
Sorting & Pre-processing	High cost & labour-intensive nature of sorting and pre-processing reduces through-put. Issues in the accurate ID of materials to support pre-processing & recycling.
Recycling	Lack of widespread commercial scale high-quality textile-to-textile recycling infrastructure. Cost of recycled outputs are often high in comparison to virgin materials.
Disposal	Cost of disposal in household waste systems sits with local authorities and so citizens (through taxes). A lack of controls to stop textiles not suitable for reuse, under the guise of “reusable” being exported, often resulting in inappropriate disposal.

Aligning these issues with the minimum requirements in the WFD, the following objectives for textiles EPR emerge:

1. **Supporting design changes.** Providing a mechanism by which design changes in support of circularity and reduced environmental impact can be incentivised.
2. **Optimising separate collection.** Ensure separate collection systems are in place to divert material away from residual waste.
3. **Supporting reuse.** Support the reuse sector through the implementation of profitable collection & management systems that retain the quality of collected products & materials.
4. **Delivering Sorting & Pre-processing.** Ensure sorting & pre-processing systems & technologies are developed and optimised to deliver quality, valuable products and materials for reuse & recycling markets.

5. **Supporting the development of high-quality recycling.** Supporting the development of the necessary recycling systems to deliver high-quality secondary raw materials.
6. **Accounting for costs of disposal.** Ensure the cost of disposal is included in EPR fees, thus reducing the cost burden on municipalities and citizens, in line with the polluter pays principle.
7. **Supporting innovation.** Support investigation of methods and technologies to optimise management of materials in support of circularity.
8. **Driving consumer behaviour change.** Incentivise consumers to change their behaviour in support of waste prevention, reuse and diversion of material from residual waste.
9. **Ensuring appropriate administration of the scheme.** Ensure the appropriate scheme governance & due diligence systems are in place for the effective delivery of the scheme.

A well-functioning EPR scheme will ensure that these objectives are delivered through appropriate cost coverage & providing the necessary incentives for producers (i.e., fee modulation).

## 2.2.4 The Principles on Which EPR Should Operate

A wholly prescriptive approach to textiles EPR policy will not provide the means for Member States to deliver effective systems that take account of the unique national requirements. However, if clear principles are defined that all Member States must follow, it will ensure harmonisation of key requirements across all EPR schemes to deliver on the defined objectives of EPR.

This study has, therefore, also defined 11 key, intertwined principles, as described in Figure 2-1 that all EPR schemes should follow.



**Figure 2-1 The 11 Principles for Textiles EPR**



1. **Respect the Polluter Pays Principle.** Producer responsibility is extended to the post-consumer stage of a product lifecycle. Producers should:
  - a. pay into the system either directly or through the price they are charged by others in the supply chain consistent with the ‘polluter pays’ principle; and
  - b. bear appropriate costs (in line with the polluter pays principle) for textiles they place on the market, which should allow achievement of agreed targets and objectives of EPR.
2. **Ensure only Necessary Costs.** In accordance with existing requirements in the WFD, the costs paid by producers should only be those “necessary” to meet targets and objectives, and “do not exceed the costs that are necessary to provide waste management services in a cost-efficient way”, as required by the WFD. This will necessitate that appropriate standards and due diligence systems are in place to ensure appropriate service quality and cost efficiency. It also provides the incentive on the EPR scheme for overall scheme optimisation.
3. **Ensure Product Differences are Accounted for.** The inherent complexity and heterogeneity of different textile products means that it would make sense for certain key requirements within an EPR scheme, such as fee-modulation and fee modulation criteria, to vary by product class to ensure the maximum environmental benefit is delivered. Any requirements through EPR should be coordinated with any changes coming out of the ESPR.
4. **Provide Mechanisms by Which Producers can be Incentivised to Design for Reduced Impact.** Through EPR, producers can be provided with incentives to change the design of their products to reduce their environmental impact. This design must extend beyond tradition “cradle-to-gate” impacts and take account of whole-product-lifecycle impact reductions. These design changes can: promote increased repair and reuse; increase the utilisation of textiles to ensure their life is extended; and reduce the volume

of difficult-to-recycle textiles POM. This will ultimately reduce the costs of those delivering meaningful change, and so push the whole industry forward by ensuring those not pulling their weight will feel the additional cost. However, improvements in product design pursued in this way should be focused on areas where incentivisation is a sufficiently powerful lever to bring about desired changes. These incentives should only be formalised on the release of the ESPR proposals – to ensure complementarity.

5. **Enable Consumer Involvement.** Actions by producers should enable consumers to play their part and correctly manage used textiles and textiles waste, such as by ensuring access to good collection services, and delivering enhanced communication campaigns to influence consumer behaviour change.
6. **Ensure Equal Treatment.** In line with the WFD, EPR policy should ensure equal treatment of producers regardless of their origin or size, without placing disproportionate regulatory burden on some entities. This might be furthered not just in setting out minimum standards for national EPR design, but also by ensuring EU-wide systems could facilitate producer or product registration across the Single Market, which all national EPR schemes could draw upon.
7. **Facilitate Scheme Evolution.** There will inevitably be a significant amount of “learning by doing” and experience gained in implementing and delivering textiles EPR over time. Also, as Member States progress in delivering a Circular economy for textiles through EPR – targets and other elements such as products in scope will need to change. It is, therefore, essential that individual schemes are dynamic and can evolve, based on experience gained and the changing need, to refine and optimise its function into the future, and this should extend to an ability to raise product and EoL management standards over time. This will, by extension, require review and performance monitoring to be in place against Member State targets/KPIs, to be delivered in a harmonised manner.
8. **Ensure Appropriate Due Diligence and Enforcement.** There are number of obligations placed on stakeholders obligated by or affected by the scheme. Sufficient oversight and enforcement mechanisms must be in place to ensure compliance with scheme requirements, ensure a level playing field, ensure a level playing field, and ensure a strong incentive for producers live up to their obligations. It will also make sure that those entities receiving contributions from the EPR scheme to handle used and waste textiles are using the funding in an appropriate manner to deliver improvements in the management of end-of-life textiles.
9. **Deliver Harmonisation Across Textiles EPR Policy.** As already highlighted, this will be critical to amplify the environmental benefits, ensure a well-functioning reuse & secondary raw materials market in Europe, and reduce the burden (and cost) placed on obligated entities of schemes both nationally and throughout the EU. In practice, this should be delivered by ensuring legislation provides a common framework or operationalising EPR. As highlighted in Eunomia’s report for Changing Markets and the EEB, this should include:<sup>27</sup>
  - A common definition for the Obligated Producer;
  - The products in scope for textiles EPR;
  - A single EPR scheme per Member State for the defined products in scope;
  - Cost coverage;
  - Approach to fee structure & calculation;
  - Approach to modulation of fees, and the modulation criteria;
  - Rules for implementation of EPR and stakeholder responsibilities within the scheme;
  - Systems and requirements for reporting, evaluation of progress (KPIs), due diligence & enforcement of textiles EPR requirements;
  - Standards required for collection, sorting, recycling & export of textiles;
  - Standardised definitions for key terms relevant to management of used & waste textiles such as “recycling”, “reusable”, “recyclable” etc; and
  - Standardised definitions for when used textiles become waste, and conversely the end-of-waste criteria for when textiles are reclassified as no longer waste.
10. **Focus on What EPR Does Best.** The industry has several challenges that must be overcome to reduce its environmental impact. Some of these issues can be addressed through EPR. However, it is important

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<sup>27</sup> Eunomia on behalf of Changing Markets Foundation & European Environmental Bureau (2022) Driving a Circular Economy for Textiles through EPR. Available at: <https://www.eunomia.co.uk/reports-tools/driving-a-circular-economy-for-textiles-through-epr/> (Accessed 24 October 2022)

to recognise that EPR cannot solve all issues and there is a key role for other policy instruments and actions by business. Indeed, identifying complementary policy should enable EPR to focus on what it can most effectively and efficiently achieve. This includes assessing whether EPR is best placed to drive improvements in upstream design, or whether EPR should solely be concerned with delivering transformative improvements in the collection and management of used and waste textiles. For example, while EPR has the potential to support improved environmental design choices through fee modulation (durability, repairability etc.), it may be that binding eco-design standards for products POM can better deliver desired changes in design.

**11.Support Wider Textiles EPR Policy Ambition.** Setting ambitious minimum requirements for EPR should not inhibit Member States going further where this can deliver favourable outcomes. Member States should be able to go further than minimum requirements for EPR set out at EU level. However, as much as possible this should be coordinated at EU level to ensure that, where appropriate, this can be replicated and harmonised across Member States. For example, the devising of EU wide standards (e.g. collection, sorting), definitions (e.g. used textile, textile waste) etc.

## 2.2.5 The Need for Wider Policy Investigation & Harmonisation

Well-designed, harmonised EPR for textiles will be a powerful tool to address a range of the challenges with regard to how textiles are produced, used and managed, and comparable approaches across EU Member States will maximise that impact by ensuring similar regulatory drivers and incentives across the Single Market.

It is important to acknowledge that EPR alone cannot address all the issues the sector faces, and a range of other policies and actions will be required to address the issues highlighted in Appendix A 1.0 to make the textiles value chain sustainable. For example, supporting the growth and uptake of circular economy business models, and embedding environmentally & socially responsible practices in global supply chains. Harmonisation of minimum requirements for wider textiles policy (both existing policy proposals through the EU Textiles Strategy, and other future textiles policy) should be delivered at EU level. In the context of this wider policy framework, the design of EPR must consider how it will fit in with these other instruments to ensure complementarity. For example, the appropriateness of fee modulation through EPR, or eco-design requirements through the ESPR.

This need for harmonisation & complementary between policies should be delivered as part of the EU Textile Strategy implementation process. To this end, there is an argument for a textiles specific regulation, as has been seen for other waste streams such as Electricals, EoL Vehicles, and Batteries.

# 3.0

## Producers Obligated





## 3.1 Introduction and Summary

While EPR is clear that “producers” must take responsibility for the extended life cycle of their products – specifically the EoL costs of responsible waste and material management – the question of *who* should be considered as a “producer” is not always self-evident and can be highly context-dependent for a product type or specific EPR scheme in practice. From a moral and legal perspective when answering this question, the aim should be to ensure that the “polluter pays”, while from a practical perspective the obligated producer needs to be an actor that can be effectively regulated and defined in a way that minimises risks of either overlap in obligations or gaps in coverage. This section explores the optimum solution to this challenge for textiles. While this report sets out an EU-wide framework for textiles EPR, we assume EPR schemes will be national, with Member States ultimately applying a common set of minimum requirements set by the EU).

We considered the question from three core perspectives, as laid out in the following sections: who should be an ‘Obligated Producer’; what does this mean for specific actors; and does the proposed definition make the functioning of an EPR scheme easier in practice. The first permitted us to think about an ideal definition from an ethical and legal perspective, the second to go into detail on the ramifications and nuances of this definition for important types of actors, and the last to evaluate the definition from a practicality viewpoint. Each of the sections presents our thinking and views, with evidence to support them and opposing arguments disapproved.

### 3.1.1 Headline Recommendations

This systematic approach resulted in the following key conclusions, the rationale for which is presented in the rest of this chapter.

- Proposed Obligated Producer Definition: An economic operator **that sells a new and finished textile product to a final consumer for the first time in a given EPR jurisdiction, whereby a final consumer is an individual or not.** A business or public authority can be the final consumer, meaning that EPR obligations extend to economic operators performing Business-to-business (B2B) and public procurement. **The intention of the definition would be to include online marketplaces. They enable the final act of sale and have the interaction with the final consumer, so should be deemed responsible over the seller.** This aspect should be accounted for when legal definitions are drawn up.
- The term ‘obligated producer’ should be consistently defined (by the EU) as above, and applied (by national EPR schemes) across the Single Market, to both minimise administrative burdens for all value chain actors, and to maximise policy effectiveness for all.
- Non-national sellers (i.e., a seller that is legally based outside the geographic jurisdiction of the EPR scheme) are obligated producers when selling directly to a final consumer. If non-national sellers are not making the final sale to the consumer, then they are not obligated in line with point one. Non-national sellers may be based either in another EU Member State, or outside the EU entirely.
- Both physical retailers and online retailers are obligated producers for all textiles products sold through their web shop, as they are the final point of retail selling a new and finished textile product to a final consumer.
- Online marketplaces should be deemed obligated producers no matter their business model and should be treated the same in their obligations.
- Small to medium sized enterprises (SMEs) should be deemed obligated producers if they sell new and finished products to a final consumer for the first time.
- At first, second-hand actors should not be deemed obligated producers, to encourage second-hand business models. However, research should be undertaken to see if such actors should take on a degree

of EPR obligations over time, as their proportion of the textiles market grows. When applied to online marketplaces, this means they should not be obligated for second-hand products.

- Producer Responsibility Organisations (PROs) or national governments should outline different sales routes and illustrate obligated producers in each, as part of their guidance to textiles industry actors about EPR obligations.
- Such guidance would usefully align with existing national administrative systems, to help economic operators identify themselves as obligated producers (e.g. possibly aligning with VAT reporting to identify the last business to sell to the final consumer).

## 3.2 Who Should be an ‘Obligated Producer’?

This section first looks to propose a definition based on an ethical and legal perspective.

### 3.2.1 ‘Producer’ is Currently Unclear

In line with the “polluter pays” principle, the OECD defines EPR as a policy in which *“a producer’s responsibility for a product is extended to the post-consumer stage of a product’s life cycle”*.<sup>28</sup> Such a policy will be easier to apply if a single “producer” is responsible for the decisions determining a product’s EoL impacts, if this actor can be readily identified, and, ideally, be effectively regulated via EPR.

However, this OECD definition tells us nothing about who the “producer” should be in a complex multi-actor value chain, where several entities are potentially making decisions that could affect EoL impacts and costs, and potentially crossing both intra-EU and external borders multiple times. Textiles is undoubtedly this type of value chain: some chains have high degrees of vertical integration, while others have significant outsourcing of both production processes and decisions, and potentially also of the marketing and sales strategies.

Article 8(1) of the WFD states that *“Member States may take legislative or non-legislative measures to ensure that any natural or legal person who professionally develops, manufactures, processes, treats, sells or imports products (producer of the product) has extended producer responsibility.”* This acknowledges the potential for value chain complexity, though we might additionally consider the importance of activities like “marketing” and multi-activity entities such as “brands” and the fact that many actors in the value chain are delivering a variable mix of these activities. The WFD approach suggests that no value chain actor is beyond potential EPR inclusion under Member State legislation, but it does not help clarify who should take responsibility when several are involved. We note also, the use of “may” in text above; it is for Member States to choose how to apply this. In practice to date, the answer to this question varies by product area and jurisdiction.

In line with the wider principles for optimal textiles EPR in this report, we believe that the “obligated producer” should be consistently defined (by the EU) and applied (by national EPR schemes) across the Single Market, to both minimise administrative burdens for all value chain actors, and to maximise policy effectiveness for all. It is also useful to consider value chain power when thinking about where to place a financial obligation. While costs can be recovered from any actor with the ability to pay, any leverage EPR scheme fees may have in driving business practice to be more sustainable is dependent on those costs falling

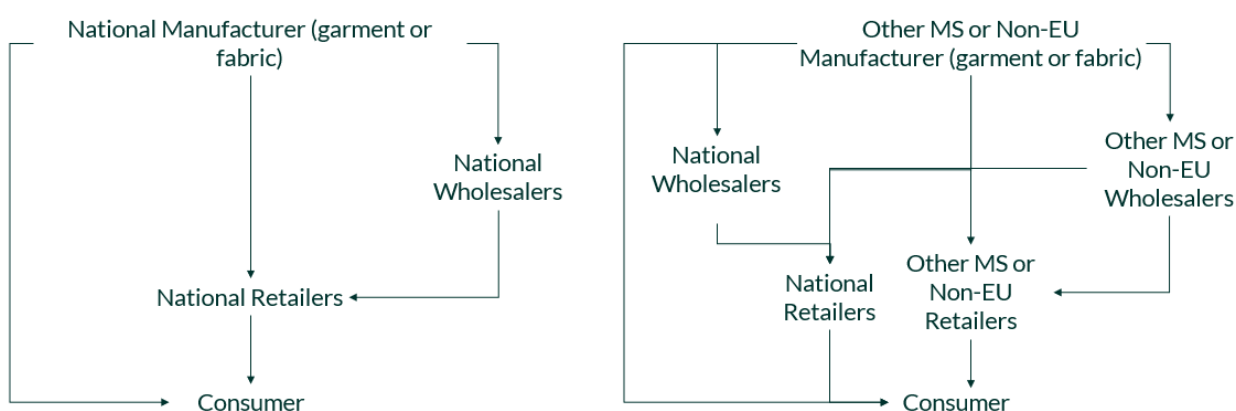
<sup>28</sup> OECD Extended Producer Responsibility. Available at: <https://www.oecd.org/env/waste/extended-producer-responsibility.htm> (Accessed 26 October 2021)

on an economic operator with the ability to respond to this price signal by changing their own or others' practice. We therefore wish to avoid levying EPR fees on an actor lacking the ability to either change practices directly, or to pass the cost signal to other value chain actors via their pricing or purchasing.

### 3.2.2 Who is 'Placing' the Products on the EU Market?

A way to consider who should be obligated is to ask: who is placing products on the market? While textiles manufacturers span multiple stages, this question focuses on a finished textiles item (which will be the functional unit of textiles EPR) and thus eliminates some early production stages. Figure 3-1 attempts to show a simplified value chain of economic operators involved in placing finished products on the market. It includes a version where the value chain is not confined to the jurisdiction of a national EPR scheme.

**Figure 3-1 Simplified Representation of Potential Economic Operators (or Functions) within the Textile Value Chain**



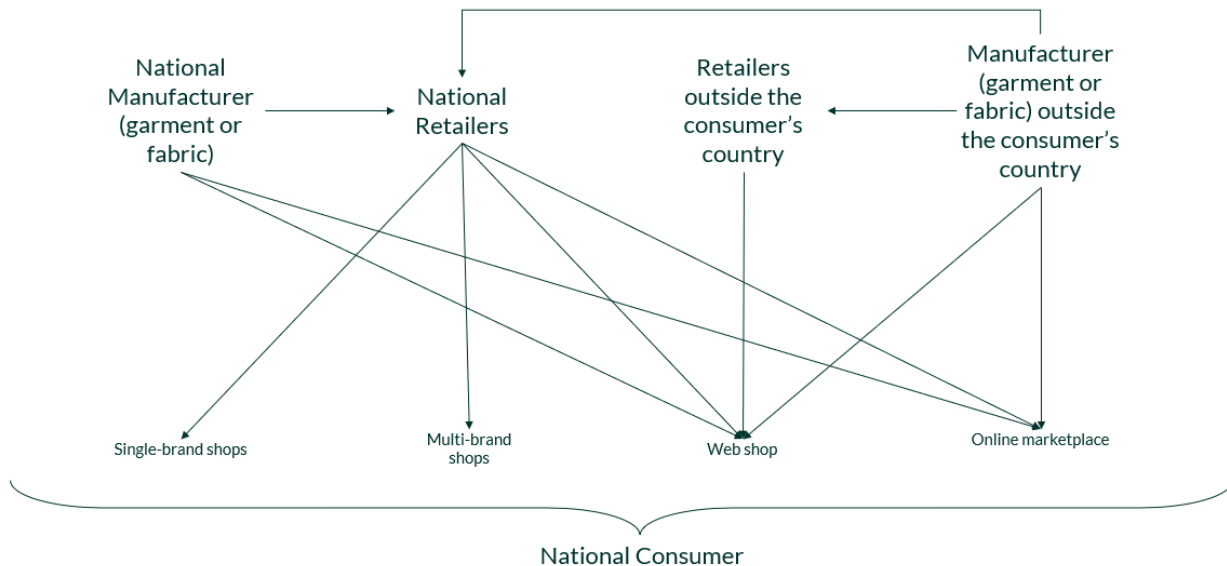
The diagram also highlights that products entering the national market from both other EU Member States and from third countries pose some of the same issues in terms of an EPR scheme's ability to regulate the value chain. Again, this suggests the point the product is "placed" on the national market is the moment where a national EPR scheme can be confident it is of regulatory relevance.

However, it is perhaps more helpful to think about the actions taken, rather than the entity doing the action, in all these cases. For example, *any* entity selling to the final consumer is in practice a "retailer" regardless of how they self-identify, or their predominant function in the value chain. Figure 3-2 shows the range of entities ultimately performing a retail action, and potential retail channels.

This approach also has a clear logic in terms of how products enter use. Even if all other stages in the value chain occur, without the retail stage, the item does not reach the specific jurisdiction a national EPR scheme is regulating. The final act of "placing" the product into the market lies with the act of selling it to the final user, whether that is a business or individual. **We therefore conclude that the act of selling a new item to a final consumer for the first time in a given EPR jurisdiction, is the action that should determine eligibility as an obligated producer.** A final consumer may or may not be an individual, which broadens obligated producers to those selling to businesses (B2B) and those selling to government branches (public procurement). We also note that some companies meeting this definition might still be exempted for other reasons depending on the details of scheme design. Although legal definitions vary, this is, in practice, the action that determines who is an obligated producer in the planned Swedish textiles EPR scheme (the Dutch

scheme has not provided this depth of thinking yet, and the French scheme's approach in this regard will be looked at in section 3.4.4).<sup>29</sup>

**Figure 3-2 Range of Entities Potentially Performing a Retail Action, and their Routes to Market**



Another justification, is that in focusing on the final act of retail we can limit consideration to fewer types of economic operators in regulatory terms, who in theory would be treated as the potential obligated producers:

- Physical retail premises:
  - **Single-brand shops**, through which a producer sells their own products. These are often the vehicle for single large brands such as Zara or Levis.
  - **Multiple-brand shops**, which sell multiple companies' products. Examples of this include Decathlon and Printemps.
- Online retail operations:
  - **a web shop**, through which a producer sells their own products via their website. Again, this would be the online vehicle for Zara.
  - a web shop or online retailer, through which a retailer sells multi brands products on their website eg Asos.
  - **an online marketplace**, is a form of online platform that connects multiple sellers to consumers. These marketplaces allow 3rd party professional sellers to offer their own products for sale on the site. Marketplaces differ in the degree of oversight and control they have over the sellers who use their site. Asos and Amazon are two different examples of online marketplaces.

We note that some economic operators provide multiple channels. Some online marketplaces also use the platform to sell their own branded products, so simultaneously function as a web shop for their own products and an online marketplace for others. Among the top 100 online marketplaces almost half have their own stock of products.<sup>30</sup>

<sup>29</sup> Public Investigations of the State (2020), *Inquiry on producer responsibility for textiles*, Stockholm 2020

<sup>30</sup> Cross-border, CBCommerceEU, 2020, Press Release – Top 100 Cross-Border Marketplaces Europe. An Annual Analysis Of The Best Global Cross-Border Platforms Operating In Europe, Eu 28 Including UK. Available at: <https://www.cbcommerce.eu/press-releases/press-release-top-100-cross-border-marketplaces-europe-an-annual-analysis-of-the-best-global-cross-border-platforms-operating-in-europe-eu-28-including-uk/>



However, online marketplaces might argue that they were excluded from the above definition, by stating that they only act as an intermediary, and that the contractual sale is between the customer and the seller. Yet, **the intention of the above definition would be to include them, as they enable the final act of sale. The marketplace has the interaction with the final consumer and should be deemed responsible over the seller.** This aspect should be accounted for when legal definitions are drawn up.

Other actors feature in value chain conversations around textiles and online sales. Whilst it is important to understand the role of such actors, these do not perform the act of retail and should not be deemed producers unless also fitting into one of the four categories above:

- ‘Fulfilment Service Providers’ support other economic operators in physically handling products, for example, warehousing, packaging and shipping sellers’ products. Direct Link is a good example of this. It should be noted that e-commerce companies can also be fulfilment service providers, such as Amazon.
- Other online companies that facilitate online retail exist (e.g., payment services like Paypal, website hosts like Squarespace) but do not allow sellers to offer products for sale as online marketplaces do and would be excluded as a result. This includes online companies that advertise products, but consumers are taken to the website of the single seller online shop, or an online marketplace to buy the products. Other examples include social media websites such as Instagram.

A case can be made that the entity selling to the final consumer may also have the greatest levels of consumer interaction and thus be important in driving demand, however given the complex nature of the textiles market, this is unlikely to be universally true, and is not the strongest rationale for assigning responsibility to this stage.

### 3.2.3 Ease of Suggested Definition

Practicality is an important argument in favour of treating the economic operator selling a new item to an end-user for the first time in a given Member State as the obligated producer. This transaction point can be identified legally and intuitively by economic operators: if they are selling the finished product to the final consumer, they are obligated under EPR. This decision to obligate the last point in the value chain before products transfer to final consumers also removes the risk of double counting (whereby the obligated point in the value chain varies, resulting in several economic operators mistakenly taking on EPR obligations for the same products) or inadvertent rule breaking (where an actor assumes someone else has fulfilled an obligation when they have not).

In terms of practical regulation, the final retail transaction is also a point at which the economic operator making the sale should know precisely what has been sold and into which jurisdiction (in contrast, at points upstream in the value chain, this will not be known directly, and might impose a complex chain of custody assessment to ensure fees are allocated to the right EPR jurisdiction). This information at point of sale might eventually link digitally to an EU wide register of products and their makers (the clear intent of the EU’s DPP), which would make administration easier for retailers, regulation easier for EPR schemes, and transparency easier for all.

In principle, it might seem appropriate to target the actor with the greatest influence over value chain decisions, especially if there are elements of fee modulation to EPR scheme fees. We accept that this actor will not always be the actor performing the final act of retailing to the consumer. However, no class of economic operator consistently has the greatest influence for textiles across product classes, products, and countries. “Greatest influence” will be hard to define, and impossible to objectively regulate under those circumstances. Additionally, the answer on “influence” is likely to be inconsistent between different value chains (even for the same product), and subject to change over time. We therefore rejected this approach.

In contrast, we consider it likely that, while value chain power is not consistently distributed, the final retailer is unlikely to be the *least* influential actor in the chain. It is realistic to assume they have some ability to pass EPR fees to customers and suppliers through their pricing and purchasing strategies, which, if fees are significant enough, would exert pressure back up the chain. Additionally, many larger brands will be experiencing EPR fee drivers through direct sales in addition to any cost pass through from third party retailers, which would reinforce any cost signals. We concede that fee modulation may present some difficulties, as sufficient information will have to be communicated to the final retailer to fulfill reporting requirements. However, this can likely be supported by future reporting requirements outside of EPR. For example, the DPP as part of the ESPR, will likely hold detailed product reporting requirements for economic operators along the supply chain. Such obligated economic operators will possibly collect the relevant information for fee modulation already due to the DPP, and even store it in a place that is readily available to obligated producers.

Nonetheless, the harmonization of this definition of obligated producers across the EU is key to its practicality and ease of enacting EPR. Should different Member States adopt variations in the point of obligation, this may confuse producers to the point that they omit (purposely or not) their obligations in certain countries, as they were not obligated in others. To adopt the same harmonized definition will also permit a more consistent collection of data across the EU, and better understanding of the textiles industry.

## 3.3 What Does the Proposed Definition Mean for Specific Actors?

In many instances, it is easy to identify obligated producers under this definition: manufacturers selling directly to a final consumer within the same EPR jurisdiction through a single-brand shop or a web shop; retailers seller to a final consumer within the same EPR jurisdiction through a multiple-brands shop or an online marketplace. However, a number of circumstances arise in discussion of EPR that may benefit from further elaboration, either because of variable approaches to date in different EPR schemes, perceived challenges in regulation, or because of potential justifications for exemption.

### 3.3.1 Non-National Sellers

The sale of textile products to consumers from sellers based outside of the Member State of the consumer, either elsewhere in the EU, or beyond the EU, play a key role in the global textiles market. These are business that do not have a legal entity in the Member State of the consumer. We will refer to such sellers as “non-national” going forwards.

Internet sales provide an idea of sales to EU consumers from non-national sellers. In 2020, 52% of individuals in the EU27 purchased some form of physical goods over the internet, while 33% made an internet purchase of clothes, shoes or accessories. The proportion of the origin of sellers of all internet purchases is depicted in Table 3-1. The definition of “seller” is unclear in this dataset, but it is likely to include entities selling their own products directly through their web shops, and entities selling their products through online marketplaces. Non-national sellers represent over half of sellers for European internet purchases.

**Table 3-1 Origin of Sellers of European Internet Purchases (2022)**

Origin of Seller	Percentage of Individuals
Own country	~45.6%
Other EU country	~17.2%
Rest of world (non-EU country)	~10.4%
Unknown	~8.5%
Other country (EU or non-EU)	~20.9%

Source: Eurostat (2022) Dataset ISOC\_EC\_IBOS, Available at: [https://ec.europa.eu/eurostat/databrowser/view/isoc\\_ec\\_ibos/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/isoc_ec_ibos/default/table?lang=en)

Non-national sellers may opt for different sales routes to EU consumers: they can sell directly to consumers; or they can sell to consumers via an EU-based retailer (online or physical, and based in the same Member State as the consumer or not), who then sells on to a consumer from within the EU. Whether they are obligated or not under EPR, will depend on the sales route to the final consumer.

### **3.3.1.1 Non-National Sellers Should be Obligated When Selling Directly to a Consumer**

We propose that if an economic operator selling a new item to a final consumer for the first time is an obligated producer, a non-national seller who sells directly to an EU consumer is an obligated producer. This view is largely supported by EU-based textiles brands, who believe that failing to obligate non-national sellers that sell directly to consumers would create unfair competition for EU-based sellers in favour of non-EU-based sellers.<sup>31</sup> This would also create unfair competition for national sellers in favour of EU-based sellers from outside the Member State they are selling in.

In practical terms, we concede that enforcement for these types of obligated producers will likely prove difficult, especially if they actively wish to evade regulation. Identifying and entering into communication with the right contacts given potential language barriers is an obvious potential hurdle, especially if the economic operator in question is actively seeking not to engage. Enacting a penalty or other punitive measure successfully despite the fact that the seller is based in another legal jurisdiction will also be difficult even within the EU, and even more so if the seller is outside of the EU. It is already the case that even extremely large non-national sellers omit compliance.

However, these challenges are not unique to EPR regulation, especially in relation to non-EU sellers. Additionally, options like requiring non-national economic operators to register a legal entity or guarantor in a national jurisdiction are unlikely to see compliance by the type of economic operator that will fail to comply with the EPR requirement in the first place. In contrast, law-abiding operators are likely to comply without the requirement for a legal entity in the national jurisdiction in question.

We would also argue that, whilst enforcement of obligations must be taken into consideration throughout EPR design, these should not dictate definitions around producers obligated. Enforcement of EPR

<sup>31</sup> Focus group with textiles industry stakeholders on Producers Obligated, on 14 November 2022

obligations for non-national sellers selling directly to a consumer may sometimes be challenging, but such actors should nevertheless be obligated.

This also highlights the importance of enforcement in EPR. Whilst not the focus of this study, we recognize that the enforcement challenge should be appropriately resourced and legislated by Member States or the Commission to present a substantial obstacle to EPR non-compliance - by non-national sellers and others - as for other forms of environmental regulation.

### **3.3.1.2 Non-National Sellers Should not be Obligated When Selling to a Consumer via National Retailers or Retailers with an EU Presence**

If a non-national seller is based in another Member State to the consumer, it will however most frequently opt to sell products through a national retailer. If the non-national seller is based in a third country, it is even more likely to opt to sell the products through a national retailer or a retailer that has a physical presence in the EU. Such national retailers can have either a physical retail premise (i.e., a shop selling multiple companies' products) or an online presence (i.e., an online marketplace) as referred to in section 3.2.2. In such cases the non-national economic operator would not be the entity selling to the final consumer and would not be obligated under EPR, though the obligated entity in this case (i.e., the retailer in the final transaction with a consumer) would inevitably seek to pass those costs back up the supply chain to the non-national seller.

In practice we anticipate this will be a common arrangement. Physical retailers facilitate sales from non-national sellers, as they allow them to use their premises to store, advertise and sell their products without delays for the consumers. Online marketplaces allow sellers from other Member States and from outside the EU to use their site to access EU consumers. In some cases, the items are physically in stock in the EU at the time of a sale, enabling much faster delivery. Within the apparel sector, the Centre for the Promotion of Imports from Developing Countries even recommends that non-European brands aiming to expand their digital sales should look to sell on marketplaces as this minimises challenges associated with developing an individual web shop and selling directly to consumers.<sup>32</sup>

This approach to assigning responsibility has several important advantages:

1. The final economic operator in the chain is an essential link in the value chain and can be considered as responsible for products ending up on the local market because, without their services, such products would be unlikely to reach the final consumer. They facilitate complex, cross border trade.
2. From an enforcement perspective, obligating physical retailers, direct online retailers, and online marketplaces (rather than the individual sellers using online marketplaces), reduces the pool of obligated producers, thereby easing monitoring and enforcement mandates of relevant Member State authorities. The threat of punitive measures for non-compliance equally bears greater influence over these actors as they are more likely to have a legal presence in a relevant EU jurisdiction and tend to be larger players with reputations to protect.
3. This will significantly ease the collection of data on volumes POM by respective PROs, due to the concentration of reporting obligations with fewer larger businesses rather than multiple individual non-national sellers (likely to be smaller, subject to exemptions on reporting detail, or lacking capacity to comply with quality data). In addition, retailers with an EU presence are likely to already collect information on volumes placed on market or are in a good position to ask for the information necessary to report this. Many online marketplaces already advertise, sell and sometimes handle the products physically, placing them in an even stronger position to report on volumes.

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<sup>32</sup> CBI (2022) 8 tips to go digital in the apparel sector. Available at: <https://www.cbi.eu/market-information/apparel/tips-go-digital>

4. Lastly, the retailer will not bear the cost of the EPR obligations alone. As discussed in section 3.2.3, they are likely to be in a strong enough position to pass some of the cost back up the value chain, and again, this is very likely to be the case with larger online marketplaces.

However, we concede that this could present a risk for national retailers and or EU retailers with an EU presence, in that they will have to require information on products POM from their clients, the non-national sellers. Non-national sellers may be slow to report such information, placing a burden on the retailers. A solution to dealing with this could be to prevent sales through the national retailer until sufficient information is provided. However, this could also incentivize the non-national sellers to bypass retailers entirely and create their own business in the EU to sell directly to final consumers. Another solution could therefore be to place an obligation on the non-national sellers, by law, to report requested information to retailers who have assumed EPR obligations. More thought is required as to how to ensure that information is passed from sellers to the obligated retailers.

### 3.3.2 Online Marketplaces

As discussed above, online marketplaces – as with all other retailers - would be obligated under EPR for all textiles products sold through their website (including their own products) to a final consumer. This makes sense from a practical and regulatory perspective (3.2.3).

In recent years, certain affected actors have made suggestions regarding their EPR obligations. These have been considered but discarded. For example, a distinction was made between ‘open’ and ‘closed’ online marketplaces; open marketplace sellers register themselves easily with few checks and the consumer pays the seller directly (e.g., Ebay); whereas a closed marketplace usually checks the data sellers give them before sellers are allowed to use the site and the consumer pays the site who passes the payment back to the seller (e.g., Asos). As open marketplaces’ business models rely on asking sellers for minimal information, such online marketplaces may find it more difficult to collect sufficient information to fulfil reporting obligations, and to ask sellers to provide such information could affect their client base. Therefore, it has been argued that they should not be treated in the same way as other online marketplaces with more control over sellers.

Yet, to differentiate between online marketplaces creates a greater issue: it requires precise definitions for categories of online marketplaces, with an associated hierarchy of obligations. This approach to online marketplaces has created legal loopholes for online marketplaces in the past, by providing them with opportunities to separate themselves from specific definitions and avoid obligations.<sup>33</sup> It is also likely to be highly fluid over time, creating risks for consistency of regulation, both for marketplaces themselves, but also for smaller businesses that sell their products via this route. It is also worth noting that, dependent on the approach to order fulfilment, the online marketplace may often be better placed than the registered seller to know to *which* jurisdiction a purchase was actually dispatched to, which is likely to be a key component of a textiles EPR scheme delivered via PROs specific to national jurisdictions.

Other suggestions have been put forward for closed marketplace business models. An Amazon-funded report proposed that online marketplaces could take on the role of an intermediary body between sellers and national EPR compliance schemes. The online marketplace would provide an easy interface for reporting but request a flat fee from sellers for this service.<sup>34</sup> Yet, this flat-fee approach could undermine EPR elements to promote eco-design via fee modulation (as there would be no modulated pass through), and therefore restrict the impact of EPR on better design of products. More thought is also needed as to

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<sup>33</sup> Hilton, M. et al. (2019), “Extended Producer Responsibility (EPR) and the Impact of Online Sales”, OECD Environment Working Papers, No. 142, OECD Publishing, Paris. <http://dx.doi.org/10.1787/cde28569-en>

<sup>34</sup> Sofies (2019) A Flat Fee model for EPR compliance in the context of online marketplaces

how EPR costs are passed up the value chain from marketplaces to sellers, in a way that does not permit online marketplaces to place unnecessary financial burden on the seller.

This highlights a particular difficulty: how online marketplaces will apply fee modulation. This is likely to present a challenge due to the level of detail required for reporting on fee modulation. And yet, this challenge should be put into context: online marketplaces will be collecting the same level of information as other retailers; this type of information will be more readily accessible once there is an EU-wide register of products and their makers (as planned in the EU's DPP); and fee modulation supports eco-design, but the chief impact might reasonably be expected to come from eco-design requirements as a separate policy to EPR.

More generally, we understand that some online marketplaces will have reservations about becoming the obligated producers for all textiles products sold through their websites. Whilst this remains the right approach, we concede that efforts should ideally be made to make this obligation more feasible for online marketplaces. Such measures lie outside the scope of this report. However, these would likely include implementing a standardised digital reporting system across the EU, so that online marketplaces could have one reporting system feed into all EPR schemes across the EU, and exploring potential APIs to facilitate reporting. In addition, obligating online marketplaces presents a risk in that they will have to require information on products from all their potential clients. Again, more thought is required around how to ensure that information is passed from sellers to the obligated retailers.

### 3.3.3 Small to Medium Sized Enterprises

Following the polluter pays principle, SMEs place textiles on the market and should consequently be obligated under EPR if they are selling a new item to an end-user for the first time. This also supports the “ensure equal treatment” principle set out in section 2.2.4: actors are obligated if they make the final sale to the consumer, regardless of their size.

In addition, SMEs play a critical role in the global textiles market. They make up a significant proportion of the European textile market, with micro- and small- to medium-sized enterprises making up 99% of businesses by number (see Table 3-2). Consequently, to exclude SMEs from EPR obligations would significantly distort the overall picture of volumes POM and reduce the income to manage the ensuing waste. Taking this argument further, the exclusion of SMEs could result in additional financial burdens for the larger players included in producers obligated.

Ways to ensure SMEs are not disproportionately impacted by EPR obligations within this framework are however worth further consideration.

**Table 3-2 SMEs on the European Textile Market**

Number of Employees	Number of Businesses (2019) <sup>35</sup>
250+	~0.1%
10-249	~6%
1-9	~93%

<sup>35</sup> Eurostat (2022) Distributive trades by employment size class. Available at: [https://ec.europa.eu/eurostat/databrowser/view/SBS\\_SC\\_DT\\_R2\\_custom\\_1740422/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/SBS_SC_DT_R2_custom_1740422/default/table?lang=en)

### 3.3.4 Second-hand Actors

The second-hand market has become increasingly popular in recent years, resulting in new actors. More traditional models such as charity shops are joined by popular direct customer-to-customer (C2C) online sales platforms (e.g., Vinted) and online or physical business-to-consumer (B2C) businesses (e.g., high street vintage shops).

Stakeholder feedback as part of this study strongly suggested that second-hand actors should not be obligated, a view we agree with. A strong argument in favour of this approach is that second-hand actors are extending the lifecycle of an item that has already been POM. These actors are not adding new products to the market, and indeed, whether charity shops or large online players, are encouraging life extension of individual items. Imposing EPR fees could have the effect of discouraging precisely the kind of business activity the EU wishes to see more of.<sup>36</sup> This view further supports the “ensure only necessary costs” principle set out in 2.2.4, by supporting the second-hand industry by not overburdening them with unnecessary fees.

If we explore their role a bit further, second-hand actors do not utilize waste or reprocessing infrastructure, rather they recirculate items between first sale and final disposal. In that respect, it is logical that they should not be charged for the recycling or waste portion of EPR fees, as they have not utilized this service. However, depending on the second-hand actor’s business model, they may or may not use national collection and sorting infrastructure to obtain used textiles products. If they do, and this activity is covered by EPR cost coverage payments, then these businesses are benefitting from activity funded by part of the original EPR fee paid for by the obligated producer, and adding the waste management costs and therefore EPR fees. At some point in future this could theoretically justify specific fees for collection and sorting being collected from second-hand actors at point of sale, depending on their business model. On the other hand, it could also be argued that by placing an item on the market for the first time you are taking responsibility for any interim sorting of this nature. Further studies, for example an impact assessment, looking into the impacts of excusing and obligating second-hand actors – and different business models thereof under textiles EPR, should provide more guidance on what their role should be in future to achieve an optimized textiles EPR system.

In any event, currently the priority is to shift to a sustainable textiles industry model, which includes a rapid expansion in second-hand textiles activity. The priority should therefore be to start in a simpler manner, by renouncing obligations for second-hand actors and encouraging second-hand business models.

## 3.4 Does the Proposed Definition Make Things Easier in Practice?

It is vital that we consider ease of fulfilling EPR obligations under our proposed definition, to avoid overburdening textiles economic actors with obligations or providing cause and justification for non-compliance.

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<sup>36</sup> Focus group with textiles industry stakeholders on Producers Obligated, on 14 November 2022



### 3.4.1 Single Point of Obligation

There are many arguments that support a single point of obligation in EPR. Ensuring that only one producer is obligated per product in scope of the textiles EPR scheme will:

1. Simplify reporting requirements and systems (as opposed to asking several producers to report on the same products and needing to link volumes POM across actors to avoid double counting).
2. Remove the complexities around distributing costs between several producers for the same product.
3. Vastly decrease the number of obligated producers, resulting in easier and cheaper monitoring and enforcement.

This viewpoint is widely supported by industry stakeholders.<sup>37</sup>

### 3.4.2 Clear Point of Obligation

To ensure that economic operators have a clear understanding of their obligations, there needs to be a clear terminology to define producers and identify them in complex situations where several economic operators are involved in placing products on the market. Table 3-3 reveals inconsistent and sometimes unclear terminology used to identify obligated producers under existing and proposed textiles EPR schemes across the EU. Economic operators may also misidentify themselves, and some business categorizations may be ambiguous, such as the term “brand”. Broadly speaking, a brand is a well-established company – this is a measure of profile rather than activity. This term is therefore broad enough to be applied to a number of economic operators regardless of their role in the value chain, and we should steer away from its use in any formal definition of an obligated producer in order to avoid confusion or potential loopholes for non-compliance.

**Table 3-3 Definitions of Obligated Producers in Existing (or Developing) EU Textiles EPR Schemes**

Country Scheme	Definition of an Obligated Producer
France	<p>Applies to ‘marketers’, which can be either:</p> <ul style="list-style-type: none"> <li>● A producer or manufacturer selling goods under its own name;</li> <li>● A wholesaler or importer; or</li> <li>● A distributor for own-brand products and for imported products.</li> </ul> <p>It is ultimately determined as the party who issues the first invoice in which VAT is charged.</p>
Sweden	<p>Applies to an entity that is:</p> <ul style="list-style-type: none"> <li>● Established in Sweden that professionally manufactures, sells, hires out or imports and releases textiles on the Swedish market; or</li> <li>● Is not established in Sweden and, through distance selling contract, professionally sells textiles directly to private households or to end users other than private households in Sweden.</li> </ul>

<sup>37</sup> Focus group with textiles industry stakeholders on Producers Obligated, on 14 November 2022



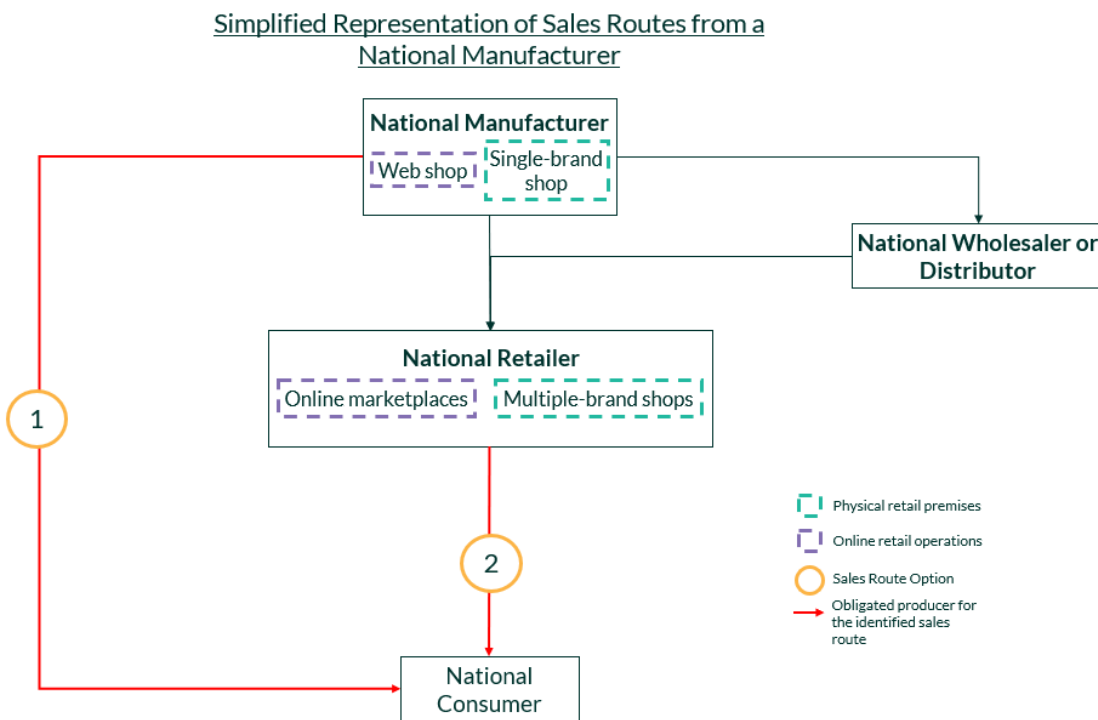
The Netherlands	<p>The scheme applies to:</p> <ul style="list-style-type: none"> <li>• Manufacturers and importers of clothing and occupational clothing;</li> <li>• Fashion chains; and</li> <li>• Textile (waste) collectors.</li> </ul> <p>Although the scheme is still in developmental stages, there is an indication that SMEs may be exempt, or at least have limited reporting requirements.</p>
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In contrast, under the revised definition, the entity making the final sale to the consumer will be responsible for the EPR fee, regardless of how they self-identify (e.g., manufacturer, distributor, wholesaler, importer, retailer). This will bring clarity to the system, as opposed to listing specific economic operators and definitions.

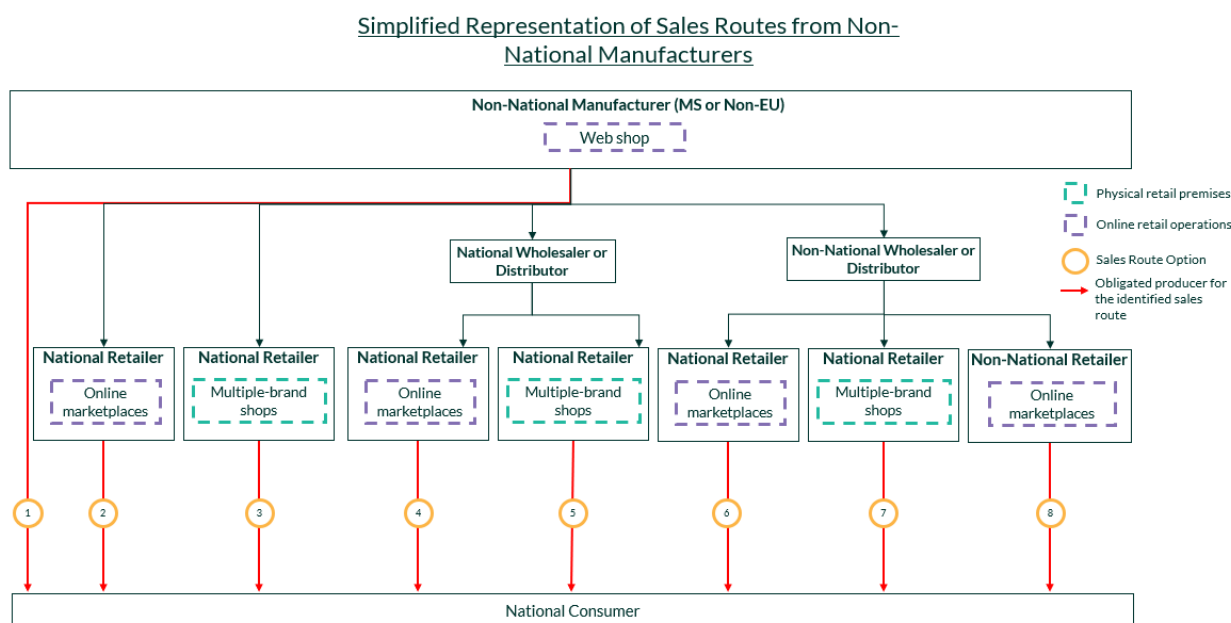
Additional benefit would come from PROs or national government outlining common sales routes and illustrating obligated producers in different scenarios, such as Figure 3-3 and Figure 3-4, which provide a simplified representation of common sales routes in any given EU country and the associated obligated producer.

Figure 3-3 and Figure 3-4 also illustrate the complexity of the textiles market, as several economic operators are involved along the value chain, and each have different roles: distributor, importer, manufacturer, producer. In contrast the proposed definition of obligated producer proposed in this study provides simplicity: no matter what role specific economic operators have across different sales routes, they are the obligated producer under EPR as long as they make sale to the final consumer.

**Figure 3-3 Simplified National Sales Routes and the Associated Obligated Producer**



**Figure 3-4 Simplified Non-National Sales Routes and the Associated Obligated Producer**



### 3.4.3 Functional and Administrative Indicators for Producer Obligations

In practice, it will be difficult for economic operators to argue that they do not understand who the obligated producer is under the suggested revisions: the economic operator retailing the item to the final consumer. However, ideally, there would also be an administrative ‘indicator’ that helps economic operators identify themselves as producers obligated under textiles EPR. This would reduce confusion and cases of non-compliance.

We concede that this is the case under the French textiles EPR scheme using VAT: obligated producers are identified as issuing the first invoice on which VAT is charged in France for a finished textiles, house linen and shoes. They know that they are the first to issue an invoice on which VAT is charged in France, as they themselves have not paid any VAT for the product in its finished form to a business higher up in the value chain.<sup>38</sup> We acknowledge that VAT is a well-known and functioning system, that ensures payment for each product and prevents double counting. However, we also note associated issues with this system (addressed in section 3.4.4), preventing us from recommending it.

Alternatively, we propose that VAT should be used to help identify obligated producers (its main benefit under the French EPR scheme), **by making the final business to issue VAT, the obligated producer**. This is in accordance with our proposed definition. It should steer away from the French system, whereby the first entity to issue VAT is obligated under EPR, because as described in section 3.4.4, this could apply to entities at different stages in the supply chain and cause confusion. The best way to administer our suggestion - that the final business to issue VAT is the obligated producer - in legislation and EPR management will need careful thought in both EU and national regulations, however linking EPR to the existing VAT system will likely enable efficient and smooth implementation from the start.

<sup>38</sup> Personal Communication with representatives from Re\_Fashion on 24 January 2021

### 3.4.4 A Note on the French Approach

It is important to consider how the French textiles EPR system is handling such questions. Currently, it does not lend the same importance to the final point of retail in its definition of producers obligated by EPR. Under the French textiles EPR scheme, obligated producers are businesses that issue the first invoice on which VAT is charged in France (for finished textiles, household linen and shoes).<sup>39</sup> However, the first business to issue an invoice on which VAT is charged is not necessarily the last party to sell to a consumer: all actors selling items or services in France – whether to the final consumer or a business in the value chain of a product – issue VAT on their invoices. This means that a range of different actors in the value chain could potentially be obligated, for example:

- a producer or manufacturer selling goods manufactured either in France or abroad under its own brand-name;
- a wholesaler or importer; or
- a distributor for own-brand products and for products imported directly.<sup>40</sup>

This approach presents several potential issues: it creates confusion in that obligated producers could be at different points in the value chain; and most importantly, if the obligated producer is not the final point of retail, they may end up reporting volumes in France that the subsequent economic operators in the value chain places on the market of a different Member State.<sup>41</sup> While chain of custody reporting and reimbursement could address these issues, we suggest that focusing on final point of sale to a consumer will prove easier and less burdensome for both regulators and economic operators for an EU-wide approach to defining obligated producers.

Equally, the French scheme presents added complications from a compliance perspective. These are treated below as part of wider compliance considerations.

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<sup>39</sup> Personal Communication with representatives from Re\_Fashion on 26 January 2021

<sup>40</sup> Re\_fashion (2022) *Contrat d'adhésion*. Available at:

<https://refashion.fr/pro/sites/default/files/fichiers/Contrat%20Type%20Adh%C3%A9sion%202022.pdf>

<sup>41</sup> Federal Public Service (2022) VAT Exemption Scheme for Small Businesses. Available at:

<https://finance.belgium.be/en/enterprises/vat/vat-obligation/vat-exemption-scheme-small-businesses#q1>

## Mitigating Non-Compliance

The characteristics of the textiles sector suggest that it might be susceptible to EPR non-compliance: there is a high proportion of micro-enterprises and SMEs, and the highly complex and global nature of textiles value chains makes it hard to clarify which economic operators and products should have EPR obligations, whilst simultaneously making traceability very challenging. Online sales, including from companies outside the EU, are also accelerating in textiles - textiles are the most popular items sold in online sales to EU consumers - exacerbating risks of non-compliance in any EPR schemes.

Mitigating non-compliance is not a focus of the study, yet it is important to factor in how the definition of obligated producers will affect compliance. We propose that the revised definition of obligated producers put forward here, reduces risks of non-compliance overall, in that:

- The definition pinpoints that a “producer” is obligated if selling to the end-consumer – EPR fees are charged at the point of retail. This simplifies the definition of obligated producers, thereby reducing risks of non-compliance to a certain extent, by removing ambiguity for businesses, and providing simplicity for regulators and enforcement.
- Online retailers and non-national sellers are treated the same as national sellers, whether they are based in another Member State or third country: a non-national seller who sells directly to a consumer is an obligated producer; where a non-national seller sells to a consumer via a national retailer or EU based retailer, whether online or physical, the retailer takes on the EPR obligation. This further facilitates identification of EPR obligations.
- Online marketplaces are obligated producers. This goes beyond the responsibility of online marketplaces under the French scheme, where they are required to check their sellers are compliant for all relevant EPR schemes in France and if sellers are non-compliant, the online marketplace must take on the EPR obligation. Our suggestion facilitates compliance by only obligating the online marketplace, meaning fewer actors are directly monitored.
- “Authorised representatives” (where a non-national seller has to create or nominate a legal entity within an EPR jurisdiction) do not have a role, as responsibility remains with the company selling the product to the end user, regardless of their location. This simplifies the system by reducing the pool of actors involved in EPR obligations and will not make much difference to enforcement potential. A non-compliant bad actor is unlikely to nominate an authorised representative in the first place, and the most significant non-national sellers are likely to be large enough to easily fulfil compliance requirements in a jurisdiction where they are not resident. This simplification is supported by the French textiles EPR scheme’s recent change to no longer allow authorised representatives, which were found to provide unreliable reporting volumes POM.
- Non-national sellers are treated the same as national sellers, whether they are based in another Member State or third country: a non-national seller who sells directly to a consumer is an obligated producer; where a non-national seller sells to a consumer via a national retailer or EU based retailer, whether online or physical, the retailer takes on the EPR obligation. This further facilitates identification of EPR obligations.

However, we note that no definition of obligated producers can fully eliminate non-compliance, especially in cases where actors actively seek to avoid their obligations. EPR design can only minimise risks and facilitate enforcement. For that reason, robust enforcement action and appropriate sanctions by relevant EU or Member State authorities are critical to dissuade producers from non-compliance. They are also key to create a level playing field across actors; tackling *all* obligated producers effectively, so that all carry the burden of EPR obligations. Enforcement measures lie outside the scope of this study.



# 4.0

## Products in Scope



# 4.1 Introduction and Summary

There is a significant variety of textile products placed on the EU market. To ensure that the polluter pays (in line with Principle 1 – Respecting the Polluter Pays Principle), eventually, all textiles should fall within the scope of an EPR scheme. But this does not have to be the case on day one of launching such a scheme. To facilitate the establishment of schemes, there can be merit in starting out with a more limited scope of products, and then, as understanding grows, and technical challenges are overcome, the scope can be expanded. Some textile products may equally be better placed in different EPR regimes in any case, for example where they have distinctive properties for EoL management.

However, the question of which products should form part of the scope of a textiles EPR scheme is not consistent among existing schemes or proposals from Member States, industry or other stakeholders. This risks an inconsistent approach that reduces the effectiveness of EPR, while increasing the burden placed on stakeholders due to different obligations. The objective of this task was, therefore, to identify and rationalise recommendations for textile products that should be:

1. In scope of an initial textiles EPR scheme, that as a minimum includes clothing;
2. Appropriate to be included in scope in the future, but not at the outset; and
3. Out of scope of this textile EPR scheme (but expected to be part of a separate EPR scheme as EPR becomes commonplace in future).

We approach this question in a sequential manner 1) how should textiles be categorised in the context of an EPR scheme; 2) how does the inclusion or exclusion of different products within a collective EPR scheme impact its effectiveness in driving environmental benefit; and therefore, 3) what are appropriate selection criteria, based on the rationale gained from the prior analysis. This has allowed us to identify a suitable, evidence-based recommendation for products in and out of scope of a textiles EPR scheme that includes clothing.

## 4.1.1 Headline Recommendations

Below are key recommendations with regard to products in scope. However, there is a much fuller exploration and rationale in the relevant sections of this chapter, which should be referred to for a full understanding of Eunomia's proposals.

- Products to be included in scope of EPR at the commencement of the scheme include:
  - Apparel (clothing, footwear and accessories);
  - Household and commercial consumer 2D textile products such as 2D bedding, bathroom & kitchen textiles; and
  - Non-technical workwear such as uniforms.
- Products that should be included in the scope of EPR in the future, but which may pose some practical barriers to inclusion in scope in some jurisdictions initially, include:
  - Curtains, upholstery and other 2D textile furnishings; and
  - 3D bedding.
- Products that should be excluded from the scope of this scheme, and have their own schemes instead include:
  - Small non-textile accessories (e.g., jewellery, sunglasses etc);
  - Mattresses;

- Carpets;
- Furniture; and
- Technical workwear that is appropriate for, or requires, bespoke recycling systems.

A full list of recommendations & rationale can be found in section 4.7.

## 4.1.2 Definitions

There are numerous ways that textiles can be categorised and ways in which terms can be defined. How this is done in different contexts is highly inconsistent, which can result in confusion among stakeholders – which will be a significant problem when it comes to defining products in scope. As such, Eunomia has developed a glossary at the beginning of this study, to clarify how terms have been used for the purposes of this study. In determining requirements for a harmonised EU approach it will be essential that agreement is reached on definitions among stakeholders and clarified at EU level to clearly define products in scope.

# 4.2 The Textiles Market

There is a significant variety of textile products placed on the EU market. While clothing and household products like linen and bedding are perhaps the most obvious to the general consumer, the definition of “textile product” can also include items like furniture, flooring in a building, and speciality items used in industry. This means that, in the context of an EPR scheme for textiles, there are numerous products that could potentially be within scope.

There are many ways in which these items are classified: by function, by end-user, and by material type. The European Apparel and Textile Confederation (Euratex)<sup>42</sup> takes the approach – defining three broad categories: clothing, footwear, and accessories; household textiles; and complex or technical textiles (such as textiles used for medical or agricultural purposes).<sup>43</sup>

The variations in textile products POM in the EU mean that, when they reach the end of their life, these materials come from multiple sources – through both individual and business consumption – and in many forms. This requires (and results in) diverse routes for the collection and treatment of these materials for reuse, recycling and disposal, and it does not necessarily make sense to group them together for management purposes.

As previously highlighted in Section 3.1 the OECD has defined EPR as “an environmental policy approach in which a producer’s responsibility for a product is extended to the post-consumer stage of a product’s life cycle”.<sup>44,45</sup> This essentially means that the cost of managing textile products at EoL is passed back to the producers of those products, to drive environmental benefit through improved systems for collection & treatment.

To ensure that the polluter pays (in line with Principle 1 – Respecting the Polluter Pays Principle), eventually, all textiles should fall within the scope of an EPR scheme, but this does not have to be the case on day one

<sup>42</sup> EURATEX. (2020) Extended Producer Responsibility (EPR) in Textile Products. Available at: <https://euratex.eu/wp-content/uploads/EPR-position-paper-FIN.pdf> (Accessed 19 October 2022)

<sup>43</sup> Ellen Macarthur Foundation. (2022) *Extended Producer Responsibility for Textiles*. Available at: <https://ellenmacarthurfoundation.org/extended-producer-responsibility-for-textiles> (Accessed 19 October 2022)

<sup>44</sup> OECD (2016) *Extended Producer Responsibility, Updated Guidance for Efficient Waste Management*, OECD Publishing, Paris. (Accessed 26 October 2021)

<sup>45</sup> OECD, *Extended Producer Responsibility*. Available at: <https://www.oecd.org/env/waste/extended-producer-responsibility.htm> (Accessed 26 October 2021)



of launching such a scheme, and some products and materials may be better placed in different EPR regimes even in the long run. Therefore, to facilitate the establishment of schemes, there can be merit in starting with a more limited scope of products, and then, as understanding grows and system gaps are addressed (i.e. technology, infrastructure), the scope can be expanded (Principle 8). Equally, the variations in textile products and associated management costs should be considered in the context of ensuring only necessary costs are paid by those obligated (Principle 2). In the context of the implementation of textiles EPR, it may be appropriate to identify some products that should be covered in distinct schemes, rather than placing *any* products with a textile component together within the same scheme.

Whatever the process agreed upon, in accordance with Principle 7, a harmonised approach should be taken across Member States with regard to the products in scope. This would reduce the burden of differing Member State requirements and ultimately amplify the impact of the core scheme under discussion here. This workstream, therefore, looked to identify and rationalise recommendations for textile products that should be:

1. In scope of an initial textiles EPR scheme, that as a minimum includes clothing, and where divergence from easy alignment with clothing EPR is the key criteria for inclusion or exclusion;
2. Appropriate to be included in scope in the future, but not at the outset; and,
3. Out of scope of this core textile EPR scheme (but expected to be part of a separate EPR scheme as EPR becomes commonplace in future).

Nothing in this categorisation is intended to prevent individual PROs from making practical management decisions to cooperate with other EPR schemes within a jurisdiction to deliver improvements in operational effectiveness or efficiency (e.g., shared logistics or transfer stations), but such arrangements would be commercial decisions for PROs, not a feature of regulations.

## 4.3 Textile Categorisation

This section looks to categorise textiles in a consistent manner to support selection of products in scope.

### 4.3.1 Categorisation by “End-Point”

Given textiles EPR is related to management of products at EoL, Eunomia has categorised this as when it reaches its “end-point” and enters EoL management. This could either be where it does not fulfil its intended “first use” (e.g., production waste, deadstock)<sup>46</sup>, or has been utilised in some way and is discarded (in the case of used textile products).

The first designation for this “end-point” is whether the material reached the “use” phase by being sold to (and kept by) the intended final consumer or not. We have termed this “pre-sale” or “post-sale”.<sup>47</sup> Two broad textile end-point categorisations form part of the pre-sale phase: production waste – such as fibre and fabric waste, as well as damaged stock that does not reach retail – and unsold retail products that are not sold to a consumer (e.g. returns, deadstock and damaged stock). Products that fall within post-sale can be split by who the final consumer is (an individual or a business), and then by product type (see this

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<sup>46</sup> Stock which is not destined for sale, for example, due to overproduction.

<sup>47</sup> There are existing terms such as pre-consumer or post-consumer waste already in existence. However, they are not standard and can be used differently by stakeholders. For example, pre-consumer waste can solely refer to production waste, while post-consumer can refer solely to products that have “served their purpose” for the end consumer. This does not consider products that pass out of manufacturing, but do not reach an end consumer i.e. in the case of product returns or deadstock. For this reason, “pre” and “post” use have been defined.

categorisation by end-point in Appendix A 3.0). Each of these designated sub-categories contain several different types of textile product, as outlined in Table 4-1.

**Table 4-1 Textile Product Categorisation**

End-Point	Category	Sub-Category	Textile Products
Pre-Sale	Production Waste	-	Fibre waste, fabric waste, damaged stock
	Retail Products	-	Damaged stock, deadstock, returns
Post-Sale	Individual Consumer	Apparel	Clothing, footwear, other accessories (e.g. bags, belts, hats etc.)
		Household Linens	2D bedding, bathroom textiles, small curtains, purchased fabric etc.
		Bulky Homewares	3D bedding (i.e. pillows, duvets) mattresses, furniture, carpets, large curtains etc.
		Leisure Textiles	Tents, sleeping bags, technical headwear etc.
	Commercial Consumer	Workwear	Uniforms, "industry" workwear (the latter has some crossover with technical)
		Commercial Linens	Kitchen textiles, bedding, bathroom textiles etc.
		Commercial Furnishings	Hotel mattresses, office furniture & carpets etc.
		Technical	Industry textiles e.g., agricultural, medical, automotive.

## 4.4 Considering the Rationale for Products in Scope

To develop a harmonised approach to products in scope of an EPR scheme, we must consider and rationalise the inclusion or exclusion of different products. This has been informed through:

- A review of the scope proposed as part of Eunomia’s earlier study for Changing Markets & the EEB, current and proposed Member State textile EPR schemes, stakeholder proposals, and stakeholder engagement through focus groups;
- Quantification of the volumes of each textile product category; and
- An assessment of how different products are purchased, used, disposed of, and managed at EoL.

### 4.4.1 Current Stakeholder Proposals

In Eunomia's report for Changing Markets, it was proposed that an initial "product-type" based scope should include:<sup>48</sup>

- all clothing (both fibre & non-fibre based);
- footwear; and
- 2D household linens (i.e. bedding, towels etc).

This was based on the hypothesis (and background analysis) that given these products are generally of similar size, material composition, source (individual consumers), and with similar collection systems & end markets, they were appropriate to be in scope of the same EPR scheme.

Stakeholders proposals for products in scope are variable, as summarised in Table 4-2. Based on the positions of textiles, circular economy, and waste stakeholders engaging on EPR and consulted in this project, there is a general consensus for the inclusion of clothing and footwear, although different terminology is used by these organisations to describe and group textile products. For example, Policy Hub describes clothing as 'apparel' whereas EEB groups clothing with accessories and describes it as 'fashion'.<sup>49,50</sup> There is also general consensus for the inclusion of household textiles (for example bedding, bathroom textiles and other homewares). All but two (Policy Hub & EuRIC) also recommended the inclusion of accessories in an EPR scheme for textiles.

On carpets, mattresses and furniture, stakeholders hold the position (where mentioned at all) that these should be subject to a separate EPR scheme, given there are already separate schemes in some Member States.<sup>51</sup>

Unlike other public stakeholder positions, Euratex categorises textile products by manufacturing method as opposed to product category.<sup>52</sup> Euratex is the only stakeholder identified that in their proposals address "complex" textiles – stating that they should not be included in scope due to particular product design requirements, such as specific chemical coatings, which can limit recyclability or eco-design potential. While not defined, it is presumed that the products falling within this category are technical materials. This could include certain household items such as tents, PPE, and textiles used in technical industry (i.e., agricultural, medical etc.). Also not explicitly referenced, "simply designed textiles" could be inferred as products that – in contrast to complex textiles "do not limit recyclability/eco-design" – such as mono-materials. 'Textiles produced in controlled value chains' could refer to textiles where the manufacturing process, such as the material composition or chemical treatment, is recorded.

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<sup>48</sup> Eunomia on behalf of Changing Markets Foundation & European Environmental Bureau (2022) *Driving a Circular Economy for Textiles through EPR*. Available at: <https://www.eunomia.co.uk/reports-tools/driving-a-circular-economy-for-textiles-through-epr/>

<sup>49</sup> Policy Hub. (2021) *Extended producer responsibility (EPR) for the textile value chain*. Available at: <https://www.policyhub.org/positions/measure> (Accessed 20 October 2022)

<sup>50</sup> European Environmental Bureau (2022) *A New Look for the Fashion Industry – EU Textile Strategy and the crucial role of Extended Producer Responsibility*. Available at: <https://eeb.org/library/a-new-look-for-the-fashion-industry-eu-textile-strategy-and-the-crucial-role-of-extended-producer-responsibility/> (Accessed 20 October 2022)

<sup>51</sup> As designated by the Ellen MacArthur Foundation & European Environmental Bureau in their position papers on EPR, and as stated by stakeholders as part of engagement during the course of this research.

<sup>52</sup> EURATEX. (2020) *Extended Producer Responsibility (EPR) in Textile Products*. Available at: <https://euratex.eu/wp-content/uploads/EPR-position-paper-FIN.pdf> (Accessed 19 October 2022)

Table 4-2 Overview of Stakeholder Positions of Products in Scope

	Euratex <sup>53</sup>	Ellen Macarthur Foundation <sup>54</sup>	Policy Hub <sup>55</sup>	European Environmental Bureau <sup>56</sup>	Municipal Waste Europe <sup>57</sup>	EuRIC <sup>58</sup>
Clothing		✓	✓	✓	✓	✓
Footwear		✓	✓	✓	✓	
Accessories		✓		✓	✓	
Household textiles		✓	✓	✓	✓	✓
Carpets, mattresses and furniture		✗		✗		
Textiles produced in controlled value chains	✓					
Simply designed textiles	✓					
Complex textiles	✗					
<b>KEY:</b>	<i>Tick = products should be included in EPR scheme</i> <i>Cross = explicitly mentioned that these products should be excluded</i> <i>No tick/cross = the association did not mention that product in the position paper</i>					

### 4.4.2 Existing Schemes

There is a lack of consistency in products in scope across apparel, household and technical textiles, with only clothing and specific household linen products being in scope in all existing or to-be-implemented EPR schemes, as summarised in Figure 4-1. Further detail on these schemes is provided in Appendix A 6.0.

<sup>53</sup> Ibid.

<sup>54</sup> Ellen Macarthur Foundation. (2022) *Extended Producer Responsibility for Textiles*. Available at: <https://ellenmacarthurfoundation.org/extended-producer-responsibility-for-textiles> (Accessed 19 October 2022)

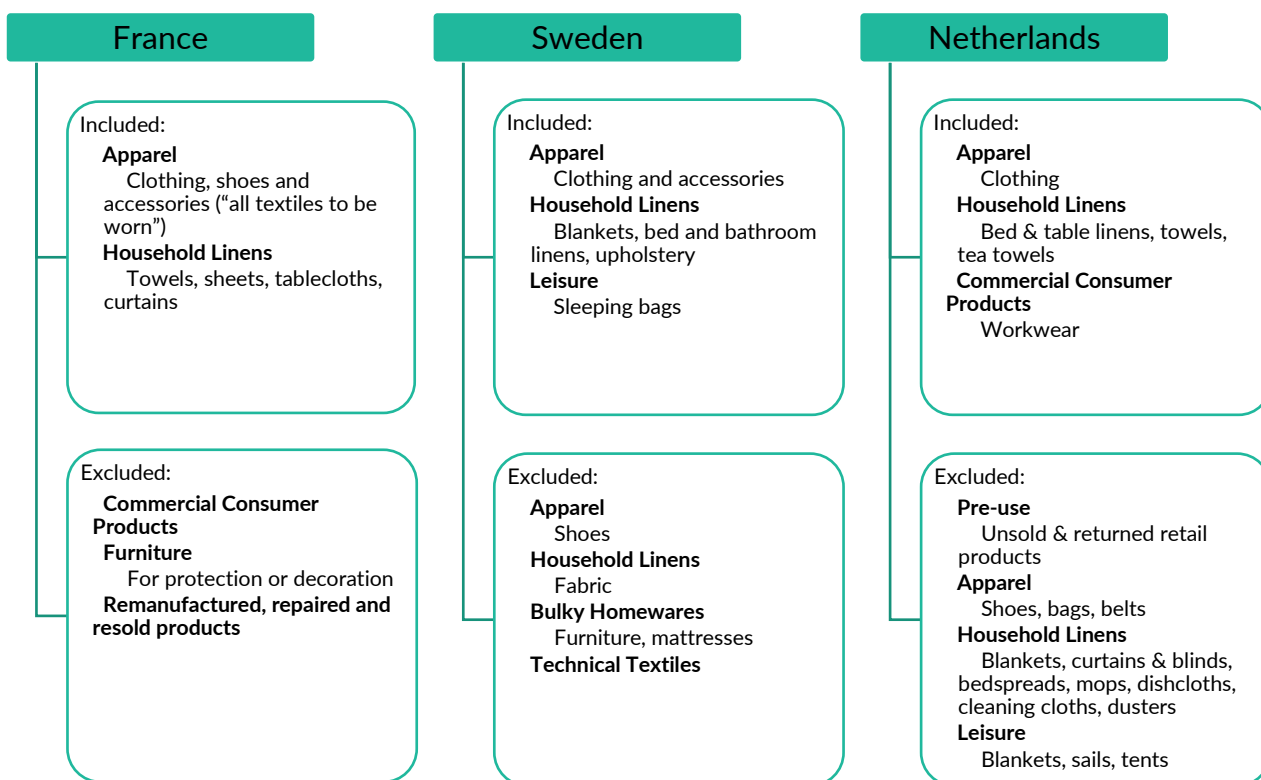
<sup>55</sup> Policy Hub. (2021) *Extended producer responsibility (EPR) for the textile value chain*. Available at: <https://www.policyhub.org/positions/measure> (Accessed 20 October 2022)

<sup>56</sup> European Environmental Bureau. (2022) *A New Look for the Fashion Industry – EU Textile Strategy and the crucial role of Extended Producer Responsibility*. Available at: <https://eeb.org/library/a-new-look-for-the-fashion-industry-eu-textile-strategy-and-the-crucial-role-of-extended-producer-responsibility/> (Accessed 20 October 2022)

<sup>57</sup> Municipal Waste Europe. (2021) *Position paper on Extended Producer Responsibility (EPR) for Textiles*. Available at: <https://www.municipalwasteurope.eu/sites/default/files/MWE%20POSITION%20PAPER%20ON%20EPR%20FOR%20TEXTILES.pdf> (Accessed 20 October 2022)

<sup>58</sup> EuRIC (2021) *EuRIC Updated Position on EPR Schemes for Textiles*. Available at: <https://www.euric-aisbl.eu/position-papers/item/482-euric-updated-position-on-epr-schemes-for-textiles>

Figure 4-1 Overview of Products in Scope for Existing & Proposed Schemes<sup>59,60,61</sup>



As with proposals from stakeholders for products in scope, there is a lack of consistency between Member States on approach. This increases the burden on producers due to different compliance and reporting requirements for each country they sell into, particularly for those selling across multiple Member States. In the absence of a harmonised approach at the EU level, this burden can be expected to increase as and when more Member States design and implement EPR.

### 4.4.3 Driving Reductions in Environmental Impact

Ideally, the products in scope at the start of the scheme would be those that are most environmentally damaging. However, accurately measuring the environmental impact of different types of textile, and then comparing those impacts, is a very complex task. There are many types of textiles, many routes those textiles can take throughout their lifetime, and numerous environmental impact categories<sup>62</sup> on which they can be evaluated.

There are some existing systems that attempt to calculate the environmental impact of products.<sup>63</sup> The EU is also developing the Product Environmental Footprint methodology for some textile products such as clothing and footwear.<sup>64</sup> However, there is significant variation currently in the methodologies to quantify

<sup>59</sup> Re\_Fashion (2021) Foire aux questions. Available at: <https://refashion.fr/pro/fr/faq> (Accessed 21 November 2022)

<sup>60</sup> Regeringskansliet (2020) Producentansvar för textil – en del av den cirkulära ekonomin. Available at: <https://www.regeringen.se/rattsliga-dokument/statens-offentliga-utredningar/2020/12/sou-202072/> (Accessed 21 November 2022)

<sup>61</sup> European Commission (2022) Decree of [...] laying down rules on extended producer responsibility for textile products (Extended Producer Responsibility Decree). Available at: <https://ec.europa.eu/growth/tools-databases/tris/en/search/?trisaction=search.detail&year=2022&num=334> (Accessed 21 November 2022)

<sup>62</sup> Environmental impacts include but are not limited to: climate change, ozone depletion, acidification, eutrophication, human toxicity, eco-toxicity, particulate matter emissions, etc.

<sup>63</sup> Sustainable Apparel Coalition (2021) Introducing the New Higg Product Module. Available at: <https://apparelcoalition.org/introducing-the-new-higg-pm/>

<sup>64</sup> Eunomia on behalf of the European Environmental Bureau (2022) Understanding the PEFCR for Apparel and Footwear. Available at: <https://eeb.org/wp-content/uploads/2022/10/Understanding-the-PEFCR-for-Apparel-and-Footwear-Eunomia-Oct-2022.pdf>

impact, issues in data availability & maturity of the methodologies in quantifying accurate impacts, and contention between stakeholders as to the accuracy of such data. As such, we often must consider volume as a proxy. If you can capture greater volumes of “similar” materials –their management in line with the waste hierarchy can be optimised – and so deliver environmental benefit.

Eunomia used 2019 UNCOMTRADE data to estimate quantities of different types of textiles POM. Three textile product categories can be described: “apparel”; “household” and other” textiles not part of these two categories. (see Appendix A 5.0 for further detail on categorisation)A notable exception is technical textiles. Technical textiles are an important part of the textiles POM. In terms of products manufactured in the EU, “industrial and technical textiles” account for 17% of products by value.<sup>65</sup> These products will also be imported. However, due to the way in which products are classified and the data, a “technical textiles” category was not identifiable. The exact products vary significantly, for example, the “textile” is often only a component within a product e.g., upholstery in vehicles. Some “technical” textiles may form part of designated categories e.g., workwear within “clothing” or “fabric”. For this reason, it was decided not to quantify figures, to avoid incorrect interpretation of the data.

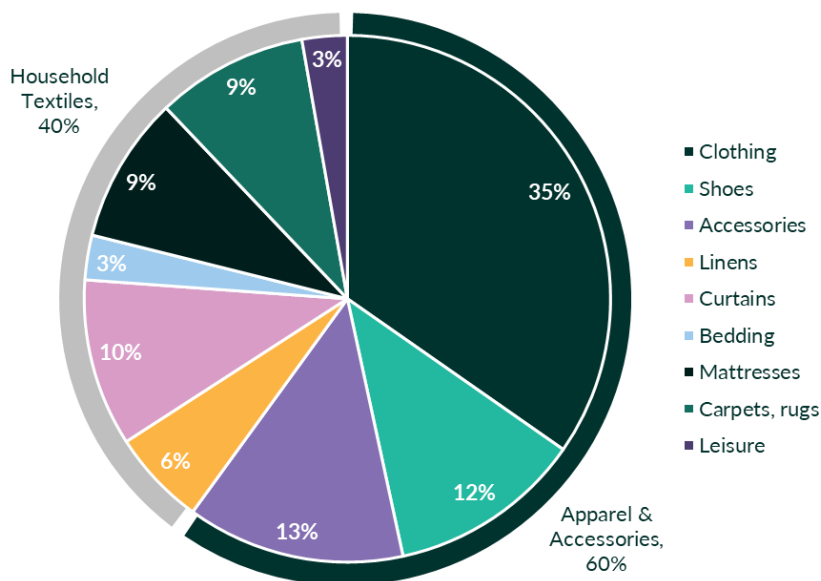
For the textile POM data modelled, by far the largest quantity by weight of products POM in the EU is furniture. This is not unexpected, as individual items of furniture are often large in size and mass. Equally, the data are not granular enough to separate furniture with no textile components, so this category will include a significant proportion (especially by mass) of out-of-scope material. Similarly, it is assumed that the majority of fabrics and tulle, lace & trimming POM are B2B sales that will be utilised in the production of “final” textile products. With this in mind, Figure 4-2 shows the POM breakdown by mass, if we exclude furniture, fabric & tulle, lace and trimming data. The mixture of textiles within “Misc textile items” (consisting of both components and final projects) has also been removed, despite it containing certain types of products that would fall within household textiles (i.e., floor cloths and dish cloths), as the data does not allow separation of certain products.

Figure 4-2 shows that the largest contributor by category is apparel, constituting 60% of the market. This is followed by curtains (10%), mattresses (9%), carpets (9%) and linens (6%). From a purely mass perspective, therefore, it would be appropriate to suggest that these categories are the most desirable targets for a textiles EPR scheme. However, as previously identified the current responsibility for this management, and how the products are managed at EoL, will be key determiners in the context of scope.

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<sup>65</sup> Euratex (2022) Facts & Key Figures 2022. Available at: [https://euratex.eu/wp-content/uploads/EURATEX\\_FactsKey\\_Figures\\_2022rev-1.pdf](https://euratex.eu/wp-content/uploads/EURATEX_FactsKey_Figures_2022rev-1.pdf)

Figure 4-2 Textile Placed on Market Composition by Mass<sup>66</sup>



#### 4.4.4 Current Responsibility for Management of Waste at End of Life

As previously highlighted, there are numerous points at which materials can reach an “end-point”. How this waste is generated, and who is physically responsible for how these products are managed, are potentially important factors in determining whether they should be in scope. A key distinction between pre- and post-sale products, and thus responsibility, is between the waste generator and waste manager.

##### 4.4.4.1 Pre-Sale Products

Production waste (e.g., fabric waste, damaged stock) is generated by manufacturers, who are responsible for the management of this waste. Higher levels of waste generated in production will result in lower revenues if there is a cost for disposal. Material can be recycled either internally by returning the material to the production process, or by sending this material to a recycling facility that can convert the material into valuable outputs.

Likewise, for unsold retail products such as stock damaged in-store and deadstock, these products remain with (or are returned to) the retailer that sold them. As such, the decision for onward management (e.g., resale to a consumer, sale to a collector, remanufacturing, recycling or simply disposal) sits with the retailer.

##### 4.4.4.2 Post-Sale Products

Products that have progressed past the point of sale will pass either to individual consumers or to businesses for use.

<sup>66</sup> As previously described, this data excludes the mass of furniture, fabrics and tulle, lace and trimming, and misc. textile items. Developed using the data from Table 5-2.



## Individual Consumer

For individual consumer products, while the “generator” of the waste is the consumer that purchases the product, the responsibility for their management at EoL is potentially more variable. Consumers can just deposit the material in residual waste, which typically will fall to municipalities to manage. However, separate collection systems for textile products are managed by a number of entities including municipalities, not-for-profits (i.e., charities) and commercial operators (e.g. for-profit collectors, brand take-back schemes).

## Commercial Consumer

For commercial consumer products, it will depend on the individual agreements the business has in place to manage waste. Businesses that consume products will often be responsible for the managing them at EoL. They are not necessarily obliged to do so to deliver environmental benefit, if it is of greater cost. If these products were included as part of an EPR scheme, it would facilitate improvements in the reuse and recycling of material by supporting more systemic implementation of the necessary infrastructure. It can also be easier for an EPR scheme, by owning the material, to drive improvements in management of material in a cost-efficient manner, as they can support the aggregation necessary for economies of scale.

Alternatively, it could be argued that enforcing how commercial consumers manage their own waste (as with pre-sale waste) is better dealt with through other policy means. Also, if the commercial consumer is also the producer (which may be the case for products like technical textiles) in some ways they are already incentivised to manage this waste appropriately.

## 4.4.5 Methods for End-of-Life Management

The different ways, in which textile products are collected and treated, are equally relevant. Their evaluation can support the grouping of materials into “similar” collection and treatment pathways – and therefore “similar” costs for management. This will ensure the quantification of the cost coverage placed on individual producers is as accurate as possible, to support equal treatment. The key stages to consider include collection, the preparation steps necessary for the required end market (i.e. sorting for reuse or for recycling, preparation for recycling), the end markets themselves (reuse and recycling) and the necessity for disposal.

### 4.4.5.1 Individual Consumer Products

For individual consumer products such as apparel and household linens, collection and management pathways are (or could be) alike for products of similar material or size (kerbside collections by municipalities or for-profit collectors; via bring banks, charity shop donations, or through brand take-back schemes.) This is the approach taken by the French scheme. Clothing, shoes and accessories all currently go to the same reuse end-markets, so it could make sense to group these products together. Additionally, consumers logically also group these products together as ‘textiles that they wear’ and deposit them in collection systems in this way (as highlighted in the French EPR scheme and through stakeholder feedback), regardless of whether they are meant to or not. Aligning scheme coverage and collection systems with consumer expectations will make communications easier and more effective and reduce both contamination and omissions at a key stage in the textiles EPR chain. Without high levels of public participation, EPR cannot deliver its objectives.

Generally, clothing and household linens are also made from similar types of fibres and textiles (be they mono-materials or consistent textile blends) and undergo similar treatment processes (e.g., stitching, dyeing),

making them suitable for recycling together (provided they are sorted and prepared for recycling appropriately). However, it has been reported by stakeholders that there will be some exceptions, for example:

- Differences in product design (e.g. material treatments like waterproof coatings) can impact the ability to recycle products together.
- Larger household linens such as some upholstery may also need to be collected and managed differently, due to size differences.
- Furthermore, there may be differences in the preparation of materials for reuse and recycling. For example, stakeholders have reported that textiles that are too large to be washed conventionally would need to be cleaned via heating or other methods.

In contrast, bulky homewares from individual consumers are distinct from apparel and 2D homewares in terms of size, weight and the materials used. They are collected typically through specialist bulk waste systems through municipal or commercial waste management systems, and could impose complex and disruptive requirements if forced into a scheme built primarily around clothing. Many of these products also have different lifetimes in comparison to items like apparel – a mattress or furniture may last for 10+ years if not longer – reducing the frequency of collection from individual consumers.

In terms of preparation for end-markets, the reuse of any product requires manual sorting to identify those suitable. Sorting of smaller 2D products can be supported by automation systems (e.g., conveyor belts). But larger or bulkier products require completely different systems to prepare materials for reuse, as well as specialised recycling facilities - for example, to disassemble products to separate textile material in carpets, mattresses, and furniture from (often significant) quantities of “non-textile” materials.

#### **4.4.5.2 Commercial Consumer Products**

The collection and management of commercial products will be dependent on the arrangements made by the business purchasing and utilising them. From a collection perspective, this could include contracts with private waste hauliers or municipalities, that will collect waste in bulk. There is the potential for high volumes of similar used textiles from commercial consumers with relatively predictable use cycles, which could lend themselves to collective management through an EPR scheme.

The requirements for collection and treatment will be significantly influenced by the type of waste. As with some individual consumer products, technical textiles (such as those used for “industrial” purposes) will often have been treated with chemical substances, such as specific coatings for performance. These are likely to disrupt reuse and recycling if collected and/or mixed with other types of textiles. A similar case is found for products that are hazardous or contaminated (for example in the case of medical textiles).

In the case of some businesses, however, the type and volume of materials produced may lend themselves to inclusion within scope:

- As previously highlighted, manufacturing waste could lend itself to recycling given that its composition is known.
- Hotels (or laundry services that provide these products to business consumers) will utilise and in a routine manner dispose of linens and bathroom textiles of very consistent size, shape and material composition. These will be no different from household materials in type.
- Non-technical workwear (such as uniforms) also could lend themselves to recycling due to the consistency of material and regular volumes produced.

However, in all of the above cases, materials might arrive at a scale and frequency that does not align effectively with more generic public-facing collection opportunities. Thus, while they can be included in a scheme, there might need to be unique expectations about how and where items from these routes could be returned.

For both Individual and Commercial Consumer Products, damaged or deadstock from retail will be identical (but of high quality) in both reuse and recycling markets – and have exactly the same treatment pathways as used clothing. It would follow therefore that they would be suitable to include within scope.

To summarise, consistency between the collection, sorting and treatment of varying textile products depend on several factors including size, material composition and usage. It can also depend on the quantity or regularity of collection, especially regarding commercial consumer products. It is also important to consider the consumer’s perspective, in terms of convenience and logical grouping of products.

## 4.5 Selection Criteria

Several selection criteria (see Table 4-3) emerge as part of the analysis described in Section 4.4.

**Table 4-3 Selection Criteria**

Criteria	Description
<b>Environmental Impact</b>	Does the product result in a high environmental impact?
<b>Quantity Placed on Market</b>	Are large quantities of material placed on the market, resulting in significant quantities requiring management at EoL?
<b>Designated Responsibility for Management</b>	Who is responsible for the management of the material when it enters EoL?
<b>Ability to Enforce EPR</b>	Can EPR be enforced for the products?
<b>Product Lifetime</b>	Do products have significantly different (or similar) lifetimes, resulting in differences in collection?
<b>Cost Accounted for Already</b>	Have the costs of EoL management already been accounted for under EPR?
<b>Collection Method</b>	Can products be collected in a similar manner / does the consumer perceive products as “similar” for collection; or are collection systems different?
<b>Sorting Disruption</b>	Could the co-collection of materials result in disruption of or damage to the sorting process?
<b>Collection Stream Contamination</b>	Does including the product within collection cause an issue for biological contamination or hazardous contamination due to the way it must be used by the final consumer?
<b>Similarities in end-markets</b>	Do products have similar routes to end-market?
<b>Requirements for recycling preparation</b>	Do products have similar treatment processes to prepare for recycling?
<b>Disruption to Recycling End-Market</b>	Would recycling of materials together inhibit their subsequent use in recycling end-markets?

# 4.6 Deselection Rationale

On assessment of the potential criteria and through stakeholder engagement, the following exclusions from scope, and associated rationale, emerge as described in Table 4-4.

**Table 4-4 Deselection Rationalisation**

Exclusion from Initial Scope	Scoping Rationale
Leisure textiles	<p>While environmental impact would be an appropriate tool to identify the most damaging products POM, there is no accurate method for determination, hence the use of quantity POM as a proxy. Bedding and leisure textiles are under 5% of the apparel and homewares markets each. The variability of leisure textiles would also complicate set up of the scheme initially. As such, this category would be excluded at least from the initial scope.</p>
Production waste	<p>For production waste, given a large proportion will be generated outside of the EU for products POM, and therefore unenforceable via EPR, it would seem inappropriate to include production waste within the scope. Equal treatment would also not be supported if it only applied to domestic manufacturers.</p> <p>Equally, it is also already the manufacturer’s responsibility to manage it. While there is the potential that it is not managed appropriately at EoL to deliver environmental benefits, there is an economic incentive to reduce waste. As a homogenous waste stream, it would be an ideal feedstock for recycling systems (with likely little sorting or preparation for recycling required), which will increase its value when end markets are available. Recycling systems will develop domestically through the implementation of a textile EPR scheme, ultimately providing outlets for this material for domestic manufacturers. Concerns about gaps in regulation at this supply chain stage are better dealt with by other regulatory tools than EPR.</p>
Reused products	<p>For products that are POM for a second (or multiple) time – reuse products – the fee for these products has already been paid to manage. The fee accounts for the collection and onward treatment of material. Where it goes for reuse, the “cost covered” for recycling has yet to be utilised. Hence, it should not need to pay an additional fee when POM again. This may become more relevant where a more significant proportion of products POM are reused ones, however, initially at least – and in the context of supporting a circular economy within the textile sector – this should not be required now.</p>
Bulky homewares, commercial furnishings	<p>When it comes to how products are treated and managed, there are numerous criteria could be considered (as outlined in Section 4.5 and Table 5-3). The collection method (and thus cost) is a key determinant. Any bulky items – i.e. duvets &amp; pillows, furniture, carpets, mattresses etc. typically will need kerbside collection (unless deposited by the consumer at a designated facility). They will also have vastly different collection timeframes, meaning collection requirements are more likely to be “ad-hoc”, rather than regular – which would affect service costs. The vastly different requirements to prepare for reuse (cleaning etc) or recycling (e.g. disassembly needs) provide further rationale for exclusion. This has been concurred by the stakeholder engagement delivered through this project.</p>

Technical textiles & technical workwear	Disruption in treatment & the resulting end-market is another highly relevant consideration. Most technical textile materials will be developed with bespoke coatings and treatments that would not be found in clothing products. Some of these will be disruptive to existing recycling processes. Equally, while it may be possible to recycle them, the need for reasonable certainty among manufacturers that recycled fibres do not contain harmful substances would be a barrier (initially at least) to uptake of recycled fibre comprised of products not initially designed for “skin-contact” textile, as it may be harmful.
Curtains, 2D upholstery	Certain 2D homewares blur the line between 2D and 3D products, and could similarly be disruptive to EoL management. For example, furniture covers & other 2D upholstery, and curtains. Initially at least, to reduce the potential for disruption, it would follow to remove them from the scope.

See further comparative analysis in Appendix A 6.0.

## 4.7 Recommended Products in Scope

The above exclusions result in a recommendation for products in scope for a scheme that includes clothing (Section 4.7.1); those that should form part of the scope of the scheme in the future (Section 4.7.2) and those that should be excluded from the scheme and have their own EPR scheme instead (Section 4.7.3).

### 4.7.1 Core Products in Scope from Commencement EPR Scheme

Category	Products in Scope from Commencement
Individual Consumer	Apparel – both textile & non-textile: <sup>67</sup> Clothing Footwear Other Accessories (hats, scarves & headscarves, textile-based hair accessories, belts, gloves, bags & purses, ties & similar)
	2D bedding Bathroom textiles Kitchen textiles Fabric
Commercial Consumer	Non-technical workwear i.e., uniforms
	2D Bedding
	Kitchen textiles Bathroom textiles

<sup>67</sup> Apparel can be composed of both textile and non-textile products. For example, a leather skirt or jacket. They will be collected and managed for reuse in the same manner. In terms of other treatment costs such as recycling, granularity of the fee structure based on material type will eventually apply.

### **4.7.1.1 Accessories**

With regard to individual consumer products, there are several key elements of the rationale to consider. There is a split between stakeholder/scheme proposals regarding the inclusion of accessories (be they footwear, bags, or other accessories). Fundamentally, however, these products constitute a significant proportion of the textile market (25%, excluding technical textiles). In addition, they can be (and often are) co-collected. While there can be issues in contamination of collection (e.g., where products are dirty) similar issues occur with clothing. It was also highlighted by one stakeholder that many consumers “view” these products as similar items – the result being that (whether EoL systems wish it or not) these products end up in collection systems and require management.

Finally – while it is an important point that these products will have different recycling requirements (and therefore costs) the majority of products will be going solely to reuse, recycling into alternative applications (rather than back into textile products) disposal or incineration – as commercial fibre-to-fibre recycling does not yet exist at scale for many products. As these systems develop, the EPR scheme will evolve to account for the varying costs of different products – in line with principles 2 (Ensure Necessary Costs), 4 (Provide Product-Level Requirements) and 8 (Facilitate Scheme Evolution).

### **4.7.1.2 Household Linens**

As previously highlighted, broadly there is agreement among stakeholders to include household textiles in scope. The materials highlighted are of similar composition to many types of clothing and are not treated with materials likely to disrupt recycling.

### **4.7.1.3 Workwear**

Workwear can be produced for myriad different uses. Many of these will have performance requirements for function that result in unique treatments and material compositions, complicating their management with other products. However, some workwear, such as non-technical uniforms, will be identical to normal clothing. Workwear also goes through regular lifecycles, and will be of consistent material composition – making it a suitable target for recycling. The Dutch scheme has also included it within scope, providing some additional evidence that its inclusion within scope is feasible.

Some companies may wish for these items not to enter systems for reuse. For example, organisations with branded workwear, or luxury brands who may wish for their products to only end up with their desired clientele. However, this should not inhibit their inclusion in scope. Additionally, for brands that have this concern, EPR does not inhibit brands from collecting these products themselves.

### **4.7.1.4 Commercial Linens**

Commercial linens will typically be identical to those for individual consumers. As with workwear, they will also go through regular lifecycles, and will be of consistent material composition – making them a desirable feedstock for recycling. In advance of the scheme set up, the relationship between the commercial end-user (i.e., a hotel or restaurant) and management of the product needs to be investigated to ensure the appropriate entity is obligated. For example, whether there are any instances where the material is “owned” by a third party i.e., a laundry company providing linens to a commercial consumer.



## 4.7.2 Products to be Added to Scope in the Future

Category	Products to be Added to Scope
Individual Consumer	Curtains 2D upholstery
	3D bedding
Commercial Consumer	3D bedding 2D Furnishings
Unsold Retail Products that match the above products to be added to scope.	Returns Damaged stock Deadstock

Two key aspects that have determined the suggested scope are 1) the size of products; 2) the potential to disrupt recycling. While stakeholder engagement has highlighted that items like duvets and pillows can be a homogenous source of feedstock, unlike 2D linens they will have different collection and sorting requirements. However, given the consistency of material aligned with other linens – ultimately they will likely be treated in a similar manner and should therefore form part of the products in scope in the future. For 2D upholstery and curtains, there is the potential for disruption of recycling due to particular treatments, excluding them initially. However, it would be expected that as recycling technologies evolve (and with the potential for eco-design changes) these materials given their similarities to other homeware could form part of the future scope.

As with the initial scope, the future scope should also include unsold Retail Products that are not sold i.e., deadstock, returns and damaged products.

## 4.7.3 Products Excluded From the Scope of this Scheme

Category	Excluded from Scope
Individual Consumer	Jewellery Non-textile hair accessories Sunglasses (Non-exhaustive list)
	Leisure textiles (tents, sleeping bags, technical headwear, sports equipment e.g. helmets, shin guards etc – non-exhaustive list)
	Mattresses Carpets Furniture

Commercial Consumer	Technical workwear appropriate for bespoke recycling
	Mattresses
	Carpets
	Furniture
	Technical items appropriate for bespoke recycling

### 4.7.3.1 The Requirement for Separate EPR Schemes

While a number of products have been excluded from the scope of this proposed textiles EPR scheme, this does not mean that producers should not be made responsible for EoL management. This is particularly relevant for bulky items such as furniture, mattresses and carpets. They constitute significant volumes of product POM but have bespoke EoL requirements. Therefore, separate EPR schemes should be put in place for each. Their benefit has already been recognised by some countries that have already implemented EPR schemes such as Belgium’s Mattress EPR (Valumat)<sup>68</sup> and France’s Furniture<sup>69</sup> EPR (Ecomaison)<sup>70</sup>. Harmonisation across Member States for these products is equally relevant and should follow a broadly similar approach to the objectives and principles as highlighted in Section 2.0.

The current clothing & accessories scope also excludes small, breakable items such as jewellery and sunglasses. These would likely be lost during the collection and sorting process – and are wholly “non-textile”. However, it may be of benefit to explore how these items could fall within the scope of their own EPR scheme. Finally, there may also be a benefit to exploring, for certain high-volume technical textiles appropriate for bespoke recycling, whether an EPR scheme would be of benefit and support diversion from landfill and incineration. If produced in high quantities and of consistent materials they could provide appropriate consistent feedstocks in aggregate.

## 4.7.4 Areas for Further Investigation

### 4.7.4.1 Reused Products

As already identified, reused products, both discussed in this section and in Section 3.0 (with regard to obligated producers) should not be part of any scheme. This is in order to support a circular economy system that provides environmental benefit. However, a concern raised by some producers is that increasing quantities of second-hand items circulating repeatedly in collection & sorting systems could come to represent a significant impact on overall scheme costs, and thus funding obligations. The possibility of this situation occurring, and the likely financial impacts on producers, is not well understood. This will require further exploration as the scheme evolves – but this highly unlikely to be problem in the short to medium term.

### 4.7.4.2 Unsold Stock

Retail products that do not end up with the final consumer have already been produced for use. For these products, the “generator” of the waste, e.g., manufacturers or retailers, already has responsibility for these

<sup>68</sup> Valumat (2022) The management body for extended manufacturer responsibility for mattresses. Available at: <https://valumat.be/en/about-valumat>

<sup>69</sup> For this scheme, the scope includes furniture, mattresses & bulky bedding (duvets and pillows)

<sup>70</sup> Ecomaison (2018) French Regulations on the collection and recycling of furniture. Available at: [https://ecomaison.com/wp-content/uploads/2018/09/note\\_d\\_info\\_fabricants\\_europeens\\_internationnaux\\_uk\\_2018\\_v2.pdf](https://ecomaison.com/wp-content/uploads/2018/09/note_d_info_fabricants_europeens_internationnaux_uk_2018_v2.pdf)

products. Other policy, such as the ESPR, will look to clarify how unsold stock will be dealt with as part of the EU Textile Strategy. Whether these products should be included in the scope of EPR will require further investigation, and ultimately alignment with the requirements of the ESPR.

# 5.0

## Reporting System



# 5.1 Introduction and Summary

Producers that are obligated under EPR must report products POM to PROs. This is essential to the functioning of the system, enabling EPR fees to be calculated, allocated, and charged accurately and fairly. However, reporting should strike a fine balance between ensuring this and overburdening producers with requests that they are unable or unwilling to fulfill, leading to non-compliance. This section therefore explores the key principles to be followed by EPR schemes with regards to reporting systems, that will facilitate EPR schemes in the smoothest way possible.

Throughout this report, we assume that EPR schemes will be national, with Member States responsible for applying the common set of key principles and standards set by the EU. In the case of reporting however, we sometimes go further, as an integrated reporting system for producers across the EU would significantly reduce administrative burdens for producers reporting what they have placed on market in different Member States, and effectively aid the functioning of the Single Market.

Our approach in this section starts by identifying the purpose of EPR reporting, and we then identified key principles for reporting that would support those goals. Our research included understanding the French textiles EPR scheme's reporting system in detail, including an interview with Re\_Fashion (the PRO for the French textiles EPR scheme), as well as consideration of several European packaging EPR schemes' reporting systems (which provide examples of relatively complex reporting requirements, which many textiles businesses already have to interact with today). We also held a focus group with industry stakeholders dedicated to this specific question. The discussion included textiles businesses, waste management actors, and wider stakeholders who have considered the issue (policy makers, NGOs, industry associations, etc).

## 5.1.1 Headline Recommendations

Below are key reporting principles recommended by Eunomia. Justification for each principle is detailed in the rest of this chapter, as well as what recommendations could mean in practice. Many of these principles will involve a careful judgement, balancing the necessary, the desirable, and the possible.

- **Precision within reason:** A textiles EPR scheme needs accurate information on the volume of textiles POM, and the ability to match this to waste management cost information, to function. However, we propose that a textiles EPR scheme should strive to gain a precise representation of items POM, but within the realms of what is possible for producers and truly necessary for the scheme's success.
- **Granularity in reporting:** Granularity refers to the detailed breakdown of reporting categories. It is necessary to determine more accurate EoL treatment costs and fairer distribution thereof, but again there is a balance to be struck.
- **Reporting requirements must evolve carefully over time,** with suitable warning to producers and software that can easily accommodate changes.
- **Harmonisation is fundamental to successful textiles EPR systems in the EU.** It will remove unnecessary burden for producers and provide a consistent and comprehensive understanding of textiles flows at an EU level. This includes:
  - **Harmonisation of the content of reporting requirements,** which involves harmonisation of product categories, harmonisation of terminology and reporting unit of measure.
  - **Harmonisation of reporting processes,** such as annual reporting, format and database.
- **Alignment with other reporting requirements:** The policy and regulatory landscape for textiles in the EU is going to change significantly over the next few years. Alignment with other non-EPR regulatory reporting requirements will maximise overall efficiency for producers and regulators alike, fostering higher levels of compliance. Alignment opportunities include:



- **Alignment with the DPP.**
- **Assuming weight as the reporting unit of measure.**
- **Alignment with Packaging EPR reporting requirements where possible** (for units of measure, processes and lessons learnt).
- **Efficiency in reporting:** Policy makers should strive for efficiency in reporting, as this will lend legitimacy to the EPR scheme as a whole and reduce the burden of reporting generally on producers. This entails asking for information that is truly necessary, that is aligned with external reporting requirements, and that fulfils several obligations if possible.
- **Minimising the burden at a systems design level:** where possible EPR schemes should attempt to minimise the administrative burden of reporting for obligated producers.
  - **Specific attention should be paid to minimising reporting requirements for small obligated producers.**
  - **In contrast, reporting obligations should be the same for obligated producers regardless of whether they are selling physically or online, and whether based in the EPR jurisdiction, elsewhere in the EU, or outside the EU.**
  - **Non-national sellers selling directly to a local consumer under a given EPR jurisdiction will become obligated producers under the revised definition suggested in section 3.3.1. but we do not suggest that they receive reduced reporting obligations.** The obligations placed on non-national sellers also removes the need for “authorised representatives”.
- **Inclusion of stakeholders in development of reporting systems:** Impacted stakeholders must be involved in the development and evolution of reporting requirements at an EU and then national scale.
- **Data security is critical to a trustworthy and therefore effective EPR system.** As some EPR data will be commercially sensitive to producers and commercially valuable as an aggregated resource, measures must be in place to prevent data breaches, ensure that data remains confidential and that it is used only for set-out purposes.

## 5.2 What is ‘Reporting’?

In the context of EPR, ‘reporting’ typically refers to the declaration of products sold to the final consumer by obligated producers (see proposed definition in Section 3 of the report) to a PRO, which then leads to producers paying a fee to the PRO based on what they reported. Producers are required to break down the items they have sold into a specific level of detail that depends on the design of the EPR scheme. Producers are usually obliged to report this information once a year by a given deadline (though frequency may vary between EPR schemes), using an online system. Reporting is done by producers to the PRO in a confidential manner and is compulsory to ensure compliance with the EPR scheme. Other actors may also have reporting requirements under EPR but this section focuses on the reporting requirements for producers.

### 5.2.1 What Purposes does Reporting Serve?

The overarching goal of the reporting system is to enable the scheme to adhere to the polluter pays principle: for producers to be charged accurately for the end of life costs their items incur. To achieve that goal, reporting must enable the following:

- First, for the total costs of EoL management for reported products POM to be determined (as the scheme performance requirements will be specified in relation to the amount POM). Knowing the amount POM will indicate the tonnage that needs to be collected, sorted etc. In the case of the existing French textiles EPR scheme, the PRO will use the POM figures reported by producers to estimate the cost of sorting activities; communications and support for municipalities; investment for research and innovation; and



waste management.<sup>71</sup> The PRO also considers any relevant waste management targets and the estimated increase in costs required to achieve these targets.

- Second, distributing the costs of waste management to producers proportionally to the quantity of products they POM. In the case of the existing French textiles EPR scheme, total waste management costs are then split by product category, to be charged to the producers on an annual basis depending on their reported figures.

An additional purpose served by the reporting system is to provide Member States with an accurate representation of the textiles market. According to Article 8(1) of the WFD, Member States shall:

- *(b) in line with the waste hierarchy, set waste management targets, aiming to attain at least the quantitative targets relevant for the extended producer responsibility scheme as laid down in this Directive, Directive 94/62/EC, Directive 2000/53/EC, Directive 2006/66/EC and Directive 2012/19/EU of the European Parliament and of the Council (1), and set other quantitative targets and/or qualitative objectives that are considered relevant for the extended producer responsibility scheme;*
- *“(c) ensure that a reporting system is in place to gather data on the products placed on the market of the Member State by the producers of products subject to extended producer responsibility and data on the collection and treatment of waste resulting from those products specifying, where appropriate, the waste material flows, as well as other data relevant for the purposes of point (b)”<sup>72</sup>*

Member States will not need access to all the PRO-collected data, but in the aggregate, the data the PRO collects on volumes POM and waste management figures should assist in the setting of accurate, realistic and achievable targets for textiles at that Member State level. In France, data collected by the PRO, Re\_Fashion, is used by the government to understand what waste management targets in tonnages should be at a national level. As part of the standard membership agreement between producers and Re\_Fashion, members agree to allow the PRO to report their individual actions in terms of collection, sorting or recycling, highlighting that the PRO is attempting to put together an overall picture of textiles waste management in France, instead of just the PRO's activities.<sup>73</sup>

Equally, as highlighted in Section 2, the textiles industry is far behind many other industries in terms of transparency, both in the supply chain and EoL management. Reporting through textiles EPR schemes will play a key role in understanding the flows of textiles products and waste in the EU. EPR reporting for producers will therefore help overall understanding of the market for Member States and the Commission, and will be mutually supportive with other initiatives, such as DPPs. However, the primary goal is to ensure that the EPR scheme can accurately attribute EoL costs to producers.

Reporting mostly affects producers, who are responsible for carrying it out. This section will largely be tackling reporting principles from their perspective, i.e., that it should permit the proportional distribution of costs of EoL management between them. However, other purposes outlined above, which are more aligned to waste management actors' and Member State interests, will be taken into account where necessary.

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<sup>71</sup> Re\_Fashion (2022) Complying to the EPR Law. Available at: [Guide\\_Adherents\\_2022\\_ENG\\_EXE.indd \(refashion.fr\)](#)

<sup>72</sup> Waste Framework Directive.

<sup>73</sup> Changing Markets (2022) Driving a Circular Economy for Textiles through EPR. Available at: <http://changingmarkets.org/wp-content/uploads/2022/03/Driving-a-CE-for-Textiles-through-EPR-Final-Report-v2.0.pdf>

## 5.3 Reporting Principles

This section details key principles to be followed by textiles EPR reporting systems, to achieve the purposes set out above. Each principle will be explained and justified, with examples of how that principle should ideally be enacted.

### 5.3.1 Precision Within Reason

**We propose that a textiles EPR scheme should strive to gain a precise representation of items POM, but importantly, this should remain within the realms of what is possible for producers and necessary for the scheme's success.**

As per 5.2.1, figures for products POM help determine proportional financial support to be charged to producers (and to be passed, via the PRO to the waste management actors, who will handle waste resulting from those items). For this reason, producers – especially those producing products with lower EoL costs – have a direct interest in as accurate a representation of items POM as possible, so that they are not overcharged. From a waste management and Member State perspective too, more accurate figures reported by producers, will enable better cost estimation of upcoming waste to be managed, as well as a better reflection of textile consumption and waste flows at a country level.

This also raises another question around producers taking direct responsibility for take-back and management of used and waste textiles, known as Individual Producer Responsibility (IPR). Where producers perform IPR, they should equally be reporting such activities – both the quantities managed and how they have been managed – to the PRO. This is important to accurately estimate EoL management costs to be covered (producers performing IPR will be covering certain costs already). It is also necessary to give the relevant producers a reduction in their EPR fees according to quantities and activities performed (those EoL costs being covered already by the producer), further incentivising such activities. In addition, this will provide a comprehensive representation of waste flows in a Member State and provide an idea of waste management improvements by individual producers (e.g., new technologies, dedicated resources).

#### 5.3.1.1 Question Around Units of Measure Highlights that Requests for Precision Should be Reasonable

The appropriate reporting units under EPR is more difficult to resolve. Under the French textiles EPR scheme, the units of measure used by producers for products POM, and by waste management actors for textiles products that come into their position, differ. Producers use number of items as their unit of measure, whereas the waste management actors use weight. Declared number of items must be converted into weight by Re\_Fashion, so that waste management actors can provide a cost. To provide a more accurate weight estimation for product items, the PRO also requests size of items from producers.<sup>74</sup> The conversion from unit to weight leaves room for error when determining total costs of the EoL management of products and what to pay to waste management actors. Reporting in weight of each item as well as number of items would therefore make more sense for precision.

And yet, it is easier for producers to measure in number of items rather than weight. Weight per item is not readily accessible data for producers who attended this section's dedicated focus group: currently, they do

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<sup>74</sup> Re\_Fashion (2022) Complying to the EPR Law. Available at: [Guide Adherents 2022 ENG EXE.indd \(refashion.fr\)](#)

not individually weigh their items and when shipping their items, they must establish the total weight of the shipment, but this includes packaging.<sup>75</sup> According to Re\_Fashion, it would be arduous for producers with frequently evolving textile items to do so: if a model changes very slightly, in material, shape or design, it will change weight and must be weighed separately again.<sup>76</sup> To declare number of items, is more accessible to producers, and therefore preferable from their perspective.

Moreover, the benefit of weight instead of number of items may be limited. In France, the conversion from number of units to weight is based on a rigorous process: average weight per product item is updated every four years, based on an analysis of 1500 products, and created in collaboration with Re\_Fashion members (varied textiles producers).<sup>77</sup> The French EPR scheme has over 70 different product types (e.g., t-shirt, shirt, etc) and requires information to help narrow down weight further: whether they are destined for babies (0 -36 months), children (4 – 14 years), adult women (from 15 years), and adult men (from 15 years). Re\_Fashion uses such characteristics to determine the average weight of items, to gain an accurate idea of tonnages POM.<sup>78</sup> Waste management costs are regularised later in the year, once waste management actors have reported their own figures for textiles waste managed: they are to receive the necessary compensation in funds if the quantities of waste were underestimated.<sup>79</sup> However, according to Re\_Fashion, the PRO has not owed the waste management actors more funds, which suggests that the conversion made by the PRO from number of items to weight is fairly accurate.<sup>80</sup>

**This question around reporting units helps to highlight an important nuance: bearing in mind the resources tied to reporting under EPR, as well as the risks related to non-compliance, precision should be sought out as much as possible, but within the limits of what is truly achievable and beneficial to the scheme.**

**Nonetheless, we still recommend that weight should become the reporting unit of measure in 5.3.5.1 , to align itself with other reporting requirements and support the role that recycling of textiles will play in the circular economy.**

## 5.3.2 Granularity in Reporting

**Granularity is necessary for an effective textiles EPR scheme. This is similar to the notion of precision, but the two should not be confused. Granularity refers to the detailed breakdown of reporting categories.**

When a scheme launches, end of life management costs may not be well understood in a high level of detail – but over time systems will wish to gain greater insight into specific costs for particular textile items or materials. This approach to greater differentiation of costs and fees for different products was demonstrated in packaging by the Belgian Green Dot Fees for PET bottles and their evolution from 2019 to 2023 (Figure 5-1Figure 5-1). While in 2019 all PET bottles paid the same fee, by 2020 disaggregation of costs enabled a more granular fee structure, and a more accurate representation of EoL costs (based on the colour and opacity) was passed to producers based on their placed- on- market data. ‘Other’ transparent bottles now pay a per kg fee more than twice as high as clear transparent bottles, reflecting their higher waste management costs.<sup>81</sup>

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<sup>75</sup> Stakeholder Engagement Focus Group (2023)

<sup>76</sup> Refashion (2023) Stakeholder Interview 30 January 2023

<sup>77</sup> Refashion (2023) Stakeholder Interview 30 January 2023

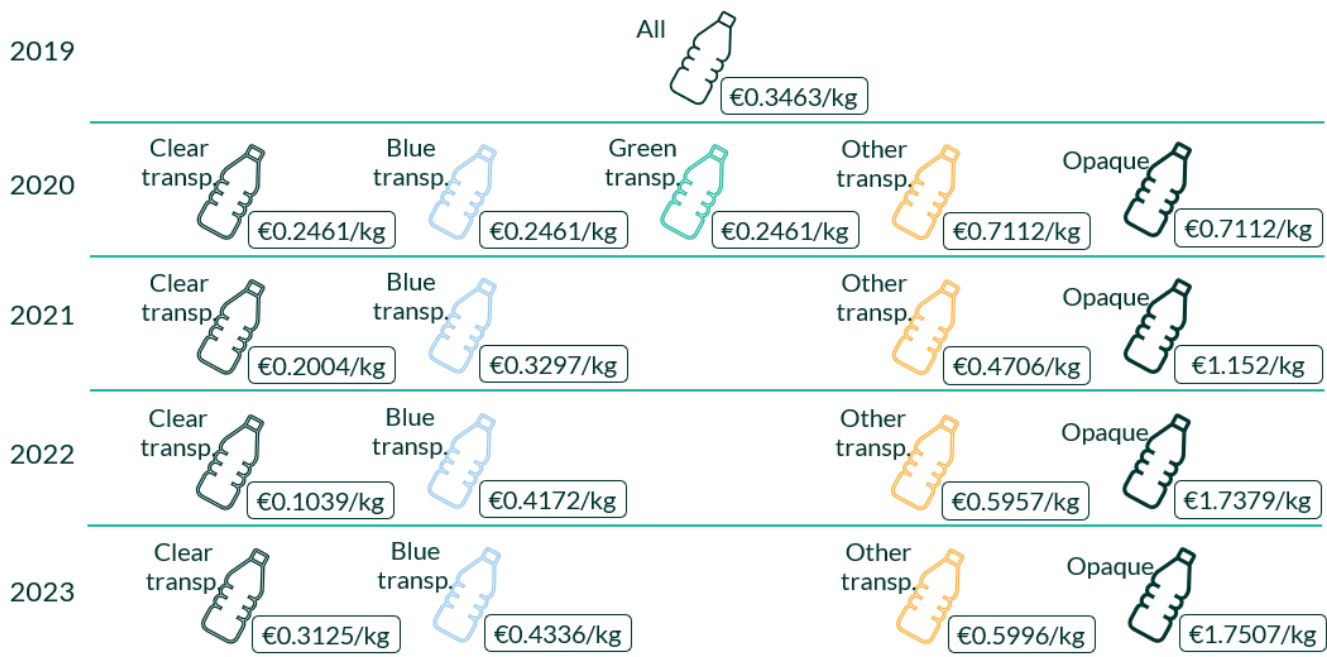
<sup>78</sup> Re-Fashion (2021) Businesses and products subject to the obligation. Available at: <https://refashion.fr/pro/fr/les-entreprises-et-produits-assujettis>

<sup>79</sup> Refashion (2023) Stakeholder Interview 30 January 2023

<sup>80</sup> Refashion (2023) Stakeholder Interview 30 January 2023

<sup>81</sup> Fostplus (2023) The Green Dot rates. Available at: <https://www.fostplus.be/en/members/green-dot-rates>

**Figure 5-1 Evolution of Belgian Green Dot Fees for PET Bottles 2019-2023**



By providing a greater differentiation of costs, granularity ensures that producers do not pay more than they owe. A flat fee structure means that different textiles items with varying waste management costs will share total costs equally and receive the same fee. Consequently, a producer placing a less costly item will be cross-subsidising other items which are more costly. And, as costs largely equate to the level of impact on the environment – the more difficult to manage the waste, the more costly the item will be – the flatter the fee structure, the more "green" producers will be paying for "polluting" producers. Granular fees on the other hand, will ensure that producers pay contributions relative to the costs to manage their own items, consequently limiting cross-subsidisation. Moreover, producers making more efforts to reduce the impacts of their products will want a more granular fee structure to reflect those efforts. Granularity in reporting, supports the polluter pays principle, and strengthens an overarching principle outlined in Section 2, to ensure product differences are accounted for.

From a waste management and Member State perspective, greater granularity presents concrete levers to incentivise better design. Once differential end of life costs are known, this ensures producers imposing

lower end of life costs on the waste management system pay less, providing a clear incentive for others to improve practice.

### 5.3.3 Reporting Evolution

#### **Fee modulation will require additional information**

As discussed in section REF\_Ref133214457 \r \h 2.2.4, in addition to the level of granularity needed to enable differentiation of fees, to reflect the direct costs of EoL treatment for different products, it is highly likely that additional fee modulation, imposing a bonus or malus over and above the basic fees for an item, might be employed to drive additional or faster design changes.

Determining the objectives and nature of fee modulation in a harmonized European textiles EPR system is not in scope for this study, and there is likely to be extensive discussion on exactly which objectives fee modulation should seek to achieve in practice. However, whatever criteria are chosen, this will have a direct impact on the reporting requirements for products POM, as any features, positive or negative, targeted by fee modulation will also need to be entered into the reporting system. Whereas granularity as referred to in the rest of this section is about the level of breakdown in reporting separate product categories, fee modulation would add a requirement for additional elements of detail (such as confirming the presence or absence of certain features, materials, or processes) related to those separate product categories.

This may imply some overlap with consideration of granularity as described here, as greater granularity, combined with fee modulation will need to be considered in any reporting proportionality test, and both need to be accommodated, alongside any scope for future evolution in the data systems that are created to support textiles EPR.

**Reporting requirements must evolve carefully over time, with suitable warning to producers and software that can easily accommodate changes.**

Textiles EPR is new, and the full range of information on which it will be possible – and desirable – to differentiate fees in future will not be known at the start. Varying fees require in-depth product level understanding of different associated costs. This can happen over time, as knowledge of costs increase. Furthermore, to provide too much granularity in product categories at first would risk distributing costs inappropriately between producers, as well as overwhelming producers due to sudden level of detail required of them, especially if these requirements differ from information required from other legislation. Even where they are known, producers may not yet be in a position to provide some more granular data in a standardised form. The scope for producer reporting requirements must be able to change over time. The French textiles EPR scheme has followed this principle, by asking for more specific information year after year..<sup>82</sup>

More generally, reporting requirements need to evolve carefully over time. Producers that attended Task 4's dedicated focus group voiced concerns at the frequency and scope of changes to occur under the French textiles EPR's reporting system: changing reporting requirements too frequently does not allow brands to plan for changes sufficiently, and does not consider how difficult it will be for producers in some countries to adapt to them. Reporting should thus evolve sufficiently rapidly to allow for more accurate allocation of costs, and for the purposes of fee modulation, but there is also a need to engage adequately with producers

<sup>82</sup> Re\_Fashion (2023) Non-exhaustive list of products. Accessed via: [EN Nomenclature Refashion 2023.xlsx \(live.com\)](#)

(see also Section 5.3.8) to enable appropriateness, and smoother communication of, forthcoming changes, and ensure the overall process of reporting is as efficient as possible. .

It is also essential that changes are planned highlighted in advance to ensure producers are confident about the direction of travel and any investments they need to make in their own system to adhere to reporting requirements.

Lastly, evolution of reporting requirements will be made easier if supported by reporting software that is sufficiently flexible for adding additional requirements further down the line. That way, reporting software and related templates and processes will not have to be scrapped every time new reporting requirements appear. The reporting software must accommodate fee modulation addition and changes too.

This principle aligns strongly with an overarching principle of EPR pinpointed in Task 1: Facilitate Scheme Evolution. Reporting is an aspect of EPR that will require considerable “learning by doing” as we develop better knowledge of waste management costs and will need to be supported by flexible software that can be readily adapted to new reporting additions,

## 5.3.4 Harmonisation in Several Reporting Aspects

**Harmonisation is instrumental to successful textiles EPR systems in the EU, both in terms of the content of reporting requirements, and the process that producers must follow for reporting.**

For the purposes of this report Eunomia considers “harmonisation” to be the act of enforcing the same requirements across all EU Member States, to ensure a smooth functioning of the internal market. Harmonisation in general is one of the core principles for textiles EPR at EU level (see section 2), and harmonisation of reporting requirements is no exception.

### 5.3.4.1 Harmonisation of Product Information

**Reporting product categories (i.e., the type of item declared in the reporting process) must be harmonised to avoid creating an unnecessary burden for the producers reporting to multiple textiles EPR schemes in the EU.**<sup>83</sup> We will discuss harmonisation of product categories first, followed by harmonisation of terminology and unit of reporting. To justify this position, we will detail the benefits of this system and how it could work, followed by the issues associated with a lack of harmonisation of required product information.

#### Harmonisation of Product Categories

If identical reporting product categories are provided across the EU, producers will be able to adopt the same internal reporting system across the Member States markets they place products onto, a significant efficiency gain which is also likely to result in greater accuracy. EPR schemes and Member State ministries will also save resources, as they will not be duplicating their efforts to determine appropriate fee categories distinctions to reflect varying waste management costs.<sup>84</sup> Furthermore, harmonised product categories reported across Member States would permit a consistent and comprehensive understanding of textile

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<sup>83</sup> Eunomia (2020) EC Waste Framework Directive EPR Recommendations for Guidance. Available at: <https://www.eunomia.co.uk/reports-tools/ec-waste-framework-directive-epr-recommendations-for-guidance/>

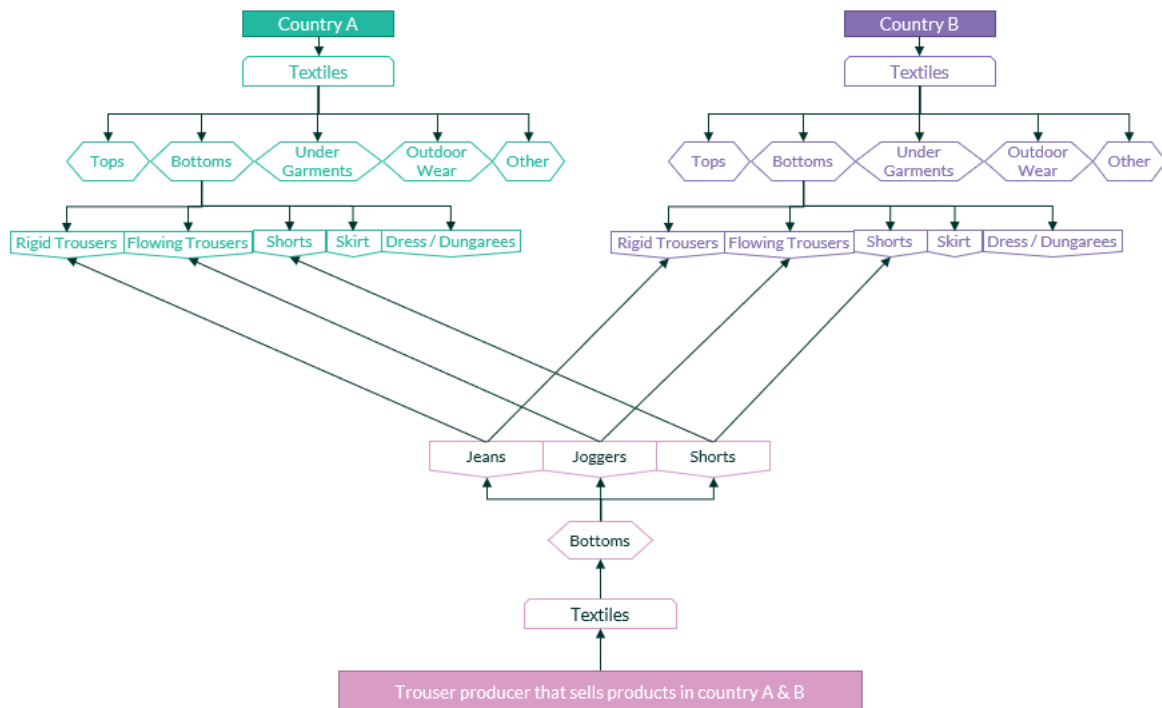
<sup>84</sup> Stakeholder Engagement Focus Group (2023)



flows at an EU level, and permit comparison between Member States. Product categories could be agreed at an EU level to represent all textiles products entering the EU market, as shown in Figure 5-2.

In practice, EPR schemes would ideally adopt existing product reporting categories, that are sufficiently granular and avoid creating separate and confusing product categories. For example, Harmonized System codes are already used by customs officers worldwide to categorise products, and will likely be used under the Swedish textiles EPR scheme to determine whether a product comes under the scope of EPR or not.<sup>85</sup>

**Figure 5-2 Hypothetical Harmonised Product Categories for Textiles EPR**



Source: Eunomia

Under a system with harmonised product categories, fees associated with product categories might still differ across Member States. Fees could change in each country, depending on the actual waste management costs and the level of understanding of how different costs could be attributed to different product categories. Producers would be asked to report using the same 'menu' of product categories, but with specific costs charged back to them depending on the Member State and localised waste management costs, and the degree to which the breakdown of those costs was so far understood. It is also worth noting that for this to be effective, standardisation of data is necessary across the industry (but this lies outside the focus of this study).

As discussed in 5.3.2, granularity of product categories is a key principle of textiles EPR, and it is vital that the granularity of the reporting structure – i.e., the level of detail that could be asked for – does not differ across Member States. This way, internal reporting systems for producers can remain the same across the EU. However, the rate at which fees are differentiated between the different categories – i.e., the speed at which the EPR scheme is able to differentiate the fees (ultimately aiming to 'catch up' with the granular fee categories) – could vary between countries, depending on the level of knowledge around waste

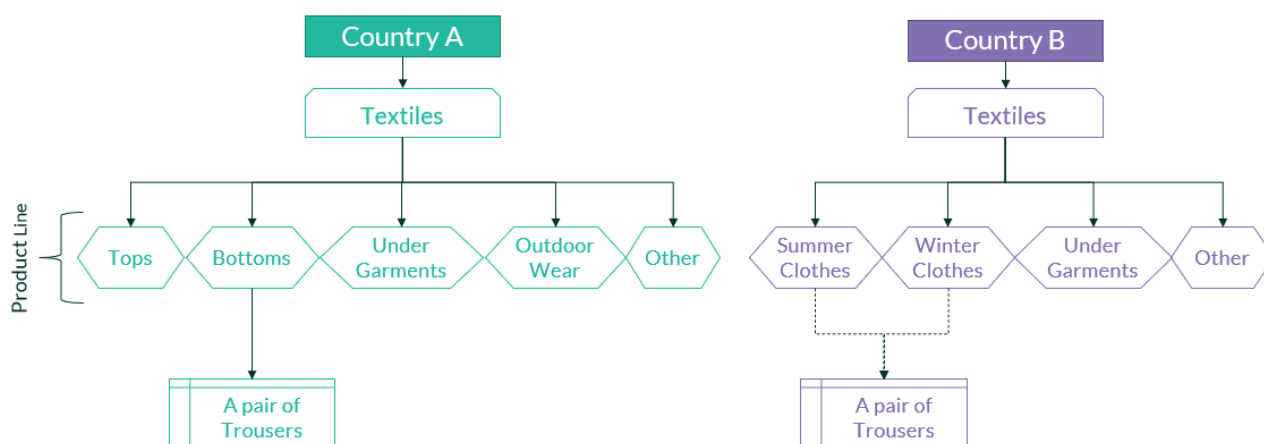
<sup>85</sup> Public Investigations of the State (2020) *Inquiry on producer responsibility for textiles*, Stockholm 2020

**management costs.** In practical terms, producers will be asked for the same level of detail across Member States, but may not see the differentiation in fees so rapidly, in some countries.

To establish this level of harmonisation requires an EU wide agreement and understanding of product categories to become the EU-wide reporting norm for textiles EPR systems. It will be difficult to find a level of detail that everyone agrees with, but from the producers' and EPR schemes' perspectives, it will be worth the added effort. In alignment with the reporting evolution principle, at first, the EU-wide standardised product categories could follow a nested approach: starting simply with product categories agreed by all, to evolve carefully into more detail over time.

Without harmonisation, and producers having to report different information in different Member States producers would have to set up different internal reporting processes for each of those countries, requiring substantial investment to do so, and creating significant disincentives to sell in multiple jurisdictions across the Single Market. Figure provides an example of varying product categories that could be asked for. In this case, one pair of trousers would be reported under 'bottoms' in country A but could be reported under 'winter clothes' or 'summer clothes' in country B, see Figure 5-3.

**Figure 5-3 Difficulty with Different Product Categories**



Source: Eunomia

The producer therefore has to collect different information regarding its pair of trousers, to know which product category to put it in for Country B, using a different internal reporting process. Should reporting become increasingly granular but with varying product categories in each country, producers will struggle even more to adhere to varying reporting requirements. It is important that textiles EPR avoid the situation that has developed over time in respect of EPR for packaging; currently, packaging PROs across the EU often ask for quite different product categories. Stakeholders present at Task 4's focus group made clear they had struggled with such complexities around reporting for packaging EPR schemes.<sup>86</sup>

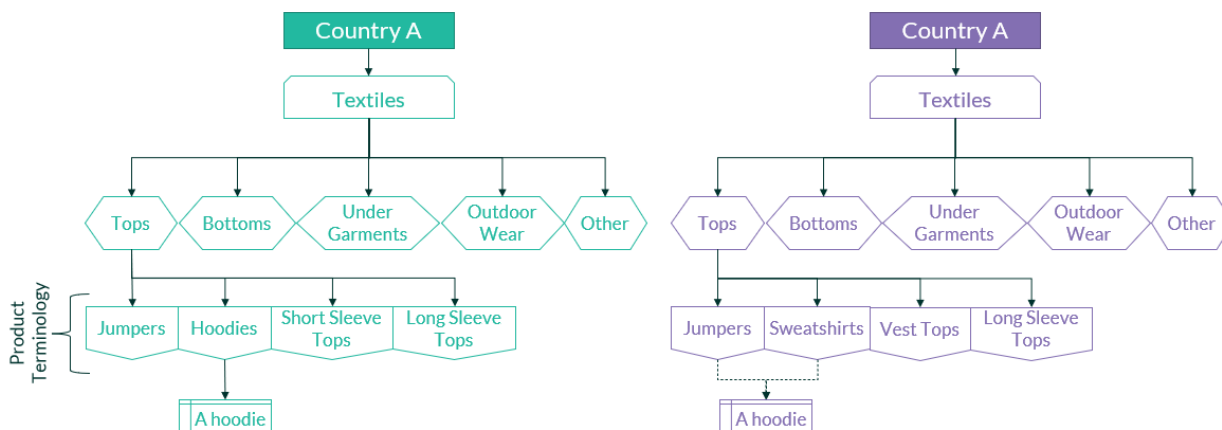
### Harmonisation of Terminology

Harmonisation should ideally extend to terminology and descriptions for product categories. Figure reveals how producers could be unsure how to report items in different countries, due to similar albeit different

<sup>86</sup> Stakeholder Engagement Focus Group (2023)

terminology. One country could use the term “hoodie” whereas another could use the term “sweatshirt” for the same product, causing uncertainty for producers in their internal reporting processes.

**Figure 5-4 Difficulty with Different Product Terminology**



Source: Eunomia

### Harmonisation of Reporting Units of Measure

Harmonisation of reporting units (see also discussion in 5.3.1.1) is also key. This will facilitate reporting for producers across different countries in the EU as they will only ever be asked for information in a common format. For the same reason, it will ideally extend to the reporting required to determine fee modulation. From a member state and waste management perspective too, this will permit consistency in measuring textiles’ progress in circularity across the EU.

In addition, methodology to measuring said reporting unit must be specified and harmonised across Member States, to avoid any discrepancies and misrepresentations of the situation. For example, if weight becomes required for all items POM, methodology to determining that weight should be the same, a view that was corroborated by stakeholders in the focus group dedicated to this section. We must also anticipate that weight reporting will only become more specific, possibly broken down into several components and/or materials making up products, in line with the granularity principle. A rules driven approach is likely needed to dictate how reporting units are measured, to successfully achieve harmonisation.

### 5.3.4.2 Harmonisation of Process

**Obligated producers would equally greatly benefit from harmonisation of reporting processes.** This view was shared by textiles producers in Task 4’s dedicated focus group. Two obvious ways to achieve this would include:

- Restricting reporting to an annual occurrence; and

- Common EU-wide format and database, that could be completed once by producers and information regarding each Member State accessed the appropriate Member State EPR scheme. More information on this is provided in section 5.3.5.1 below.

## 5.3.5 Alignment with Other Reporting Requirements

Similarly, to harmonisation of reporting, alignment with other reporting requirements will reduce the burden of reporting for producers and help to disincentivise non-compliance. The more the same data can be used, the easier it will be to report.<sup>87</sup> This section will argue for alignment with other reporting requirements outside of EPR, as well as within EPR.

### 5.3.5.1 Alignment with Reporting Requirements Other than EPR

Increasingly producers will be asked to share product information with Member States and at the EU level. This is particularly relevant for textiles: the industry finds itself under much scrutiny – it received its own EU Strategy for Sustainable Textiles and is the focus of upcoming WFD Revisions - and will likely receive increasing reporting obligations. Moreover, it will help to reinforce signals to producers regarding direction of sustainable design, if reporting requirements repeat the same message. This also makes this an area where a higher level of ambition now, effectively setting a standard for what good data reporting may look like, could help shape data provision requirements in future.

DPPs for textiles are one obvious example and may require a greater range of information than that needed to run an EPR scheme. Where there are overlaps in the scope of information needed, alignment with other reporting requirements will ensure that, at worst, producers only need to track information internally in one format, even if they must report it twice (for example in both a database for EPR and for DPPs). At best, producers may be able to submit all regulatory data just once, with scope for private sector information providers to streamline compliance requirements through provision of common interface apps and services.

#### Alignment with the Digital Product Passport

The DPP represents the most crucial upcoming reporting requirement. It is part of the recent proposal for ESPR and extends beyond textiles. Its aim is to gather data on products and their supply chains. Data requirements are still being determined and set for each product category based on industry stakeholder consultation, but the DPP is expected to be introduced for textiles by 2024.<sup>88</sup>

A sensible next step at an EU policy level, would be to make sure that these numerous reporting requirements and EPR align, and soon. Textiles industry actors need clarity on the direction of requirements as soon as possible, to update their designs and data management processes accordingly, in as timely and cost-efficient manner as possible.

In addition, a long-term vision of how this will work is needed. One that makes sense could be that producers provide all necessary information to an EU product database, and the EPR schemes draw relevant information from that. Stakeholders in Task 4's focus group supported this notion: that eventually there should be one data collection scheme, to which all other reporting obligations are linked. The requirement

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<sup>87</sup> Stakeholder Engagement Focus Group (2023)

<sup>88</sup> Eurofins. Digital Product Passport for 2024. Available at: <https://www.eurofins.vn/en/consumer-product-testing/news/textile-digital-product-passport-for-2024/>

for an EU-wide product database may seem ambitious, but it will be significantly more efficient and accurate for producers, PROs, and Members States alike. It also aligns with Europe's Circular Economy Strategy - which will increasingly require common databases for a range of product information. Indeed, the level of detail needed to facilitate EPR is likely to be a subset of the range of information needed for DPP. While creating these systems initially may seem a challenge, the benefits when they are up and running has the potential to make Europe's regulators, producers, and data innovators world leading in their insight into product information.

In the meantime, communication and alignment between EPR and the ESPR on information to be reported is essential. This will be particular fruitful if initiated soon, as the Commission remains in the early stages of DPP development as well as EU-wide textiles EPR requirements.<sup>89</sup>

## Weight should Become the Harmonised Reporting Unit of Measure

Textiles producers have a number of existing reporting requirements aside from EPR, that also reinforce its requirement to measure items POM in weight. Companies that import/export within the EU of more than a certain value have to provide a statistical report on their trade flows between Member States every month for the previous month. These reports must include VAT ID number, month of reporting, direction of trade flow, 8-digit product code, EU country code, value of goods excluding VAT/duties, the unit of measurement, the code for the nature of the transaction, and most significantly, the quantity of goods in net mass (gross weight minus the weight of packaging).<sup>90</sup> In addition, labelling obligations mean that producers are already legally required to state what a textile garment is made out of: the exact % of any material that comprises more than 15% of the total weight, and every material must be listed on the label.<sup>91</sup>

In addition, recycled content is measured as the percentage by weight of the total textiles item. This is already asked for of producers wishing to meet recycled content standards set by the French Scheme to receive discounted EPR fees (as part of the modulation of fees).<sup>92</sup> Currently, producers are providing levels of recycled content by providing the weight of the recycled material, which they know, over an estimate of the total weight of the product.<sup>93</sup>

Outside of textiles, but equally relevant to textiles producers for their packaging, are the reporting requirements of packaging EPR systems. In Belgium, Fost Plus requests weight of reported packaging POM, and, under its more detailed reporting system, if a unit of packaging consists of different materials, producers are requested to add a separate line for each packaging material, with its weight (e.g., a cardboard container with a plastic window).<sup>94</sup> Weight is the reporting unit for granular reporting requirements under the packaging EPR scheme. As textiles EPR and the granularity thereof increases, weight will very likely be critical to providing additional information on items.

As such, the reporting unit should attempt to be as accurate as possible for producers, but perhaps more importantly, it should consider other requirements in the textiles industry, that are pulling the unit of measure in the direction of weight. Recycling of textiles will play a key role in the circular economy<sup>95</sup> and will be measured by levels of recycled content, calculated by weight. We therefore recommend that EPR

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<sup>89</sup> Stakeholder Engagement Focus Group (2023)

<sup>90</sup> Your Europe (2022) Selling products in the EU and reporting goods movements. Accessed via: [Selling products in the EU and reporting goods movements - Your Europe \(europa.eu\)](#)

<sup>91</sup> GB Labels (2023) Clothing Labels and the Law (UK & EU). Available at: <https://www.gblabels.co.uk/guides-labels-and-the-law-uk-eu/#uk-eu-clothing-label-law>

<sup>92</sup> Re\_Fashion (2022) Complying to the EPR Law. Available at: [Guide Adherents 2022 ENG EXE.indd \(refashion.fr\)](#)

<sup>93</sup> Stakeholder Engagement Focus Group (2023)

<sup>94</sup> Fost Plus (2023) All about your declaration. Available at: [All about your declaration at Fost Plus | Fost Plus](#)

<sup>95</sup> European Commission (2022) EU Strategy for Sustainable and Circular Textiles. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52022DC0141&from=EN>

schemes should require product information in weight. We note that producers should be given a long enough transition window to shift to reporting in weight.

### 5.3.5.2 Alignment with Packaging EPR Reporting Requirements

Producers obligated under textiles EPR will equally have EPR obligations for packaging. For example, Fost Plus's packaging EPR scheme in Belgium includes sacks, bags, envelopes, and sealing films: items that are commonly used to package clothing.<sup>96</sup> It is important to create similarities where possible and limit the burden on the same producers, across units of measure, processes and more. Re\_Fashion is already taking this approach, by working with other French PROs to create similarities where possible.<sup>97</sup>

It is notable that Packaging EPR asks for a significant level of detail in many EU Member States. As Textiles EPR evolves, it too will require similarly detailed information, and comparing to packaging EPR not only demonstrates possible scope for reporting alignment but also the risks for textiles producers in pursuing a detailed but not harmonised approach within the EU.

In parallel, the level of detail required of producers is quite high under some packaging EPR schemes. Before concentrating solely on reducing the burden for producers where possible, developing EPR schemes should take into consideration how detailed existing reporting is, and establish whether textiles can be brought to that level too.

Producers would greatly benefit from alignment with Packaging EPR reporting requirements, for units of measure, reporting processes and lesson learnt.

### 5.3.6 Efficiency in Reporting

**Policy makers should strive for efficiency in reporting, as this will lend legitimacy to the EPR scheme as a whole and reduce the burden of reporting generally on producers.**

An EPR scheme should only request information that is truly necessary, and thorough governance and processes should be in place to determine which information will improve cost allocations per textile products. In addition, and very much linked the principle of alignment with other reporting requirements, EPR reporting requirements should sit within other requirements elsewhere, so that the same data are being reported.

Reporting processes should equally strive for efficiency. For example, information collected by a PRO can be passed on by the PRO to a producer register (typically a governmental body whose role is to collate information on obligated producers under EPR, with the aim of having a list of EPR compliant producers that consumers can consult) of that country – which usually cover multiple product groups under multiple PROs – rather than requiring the producer to report information, or the act of reporting to the EPR scheme, to a second entity about the same products. Under the French EPR textiles scheme, and since the implementation of the new law *“loi anti-gaspillage pour une économie circulaire”* in January 2022, producers report to Re\_Fashion, which in turn reports to Syderep, (which can be considered as the producer register). Moreover, Re\_Fashion reports back to Syderep, acquiring a Unique Identifier Number UIN) for each producer, which it then transfers back to the producer, who must display the UIN on their website to

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<sup>96</sup> Fost Plus (2023) The Green Dot Rates. Available at: <https://www.fostplus.be/en/members/green-dot-rates>

<sup>97</sup> ReFashion (2022) Stakeholder Interview.



be compliant with EPR obligations. Not only does the producer only interact with Re\_Fashion, but in doing so fulfils two obligations, including obtaining their reference to prove compliance.<sup>98</sup>

### 5.3.7 Minimising the Burden at a Systems Design Level

**Where possible, EPR schemes should attempt to minimise the administrative burden of reporting for obligated producers. This should include minimising reporting requirements for small producers, but not for non-national sellers.**

Textiles producers have voiced concerns about the administrative burden of collection and reporting information of the existing French textiles EPR scheme. For example, larger companies, with a presence in different Member States, do not necessarily collect information at a country level. Some companies use multiple distribution centres across the EU, which then distribute products to various EU markets, and report the data at a group level, making it difficult to aggregate into what is sold at a country level. It can also be difficult to ascertain net sales due to returns (and return policies lasting several months). Items Placed on the Market (IPOM) figures can consequently take several months to put together. Further fee modulation linked to eco-design – though not within the scope of this study - creates additional burden, to report and evidence claims. We are also aware of the risks of non-compliance with EPR obligations, and the fact that the administrative burden around reporting – and associated costs - is a significant contributor to producers choosing to avoid these obligations.

We acknowledge producer concerns, but as explained under 5.3.1, accurate reporting of volumes POM is critical to fulfil the polluter pays principle, and proportionality thereof, as well as overall transparency for textiles flows and design decisions. Unnecessary reporting simplifications resulting in less accurate data should therefore be avoided. Minimising the burden is achievable but removing them completely is not.

The principles detailed above are representative of this tension. They attempt to fulfil the polluter pays principal and ensure proportionality, whilst also minimising the burden of reporting: evolving requirements over time; harmonisation reporting content and processes across the EU; aligning EPR reporting information; and striving for efficiency in reporting.

However, it should remain a standalone principle, as it is critical that producers comply with their EPR obligations, and consequently that measures are in place to minimise the risks of non-compliance from aspects such as overburdensome reporting requirements. There are also some additional specific criteria that are key to including. For example, creating an easy reporting format or software to declare IPOM will facilitate the reporting process. Re\_Fashion has recently changed its reporting process: producers can download an excel spreadsheet to fill in; and requested information is comprehensible to varying roles, whether product managers or accountants.<sup>99</sup> Most important is the question of adapting the reporting requirements for different actors. Under the catch-all definition of obligated producer put forward in Section 3, non-national sellers and SMEs will construe obligated producers. Yet, SMEs and non-national sellers (in particular those based outside the EU), may encounter more difficulties with reporting obligations

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<sup>98</sup> Re\_Fashion (2021) Unique Identifier Number, how to obtain it? Available at: <https://refashion.fr/pro/fr/num%C3%A9ro-identification-unique-idu-comment-lobtenir>

<sup>99</sup> ReFashion (2023) Stakeholder Interview.

than larger companies with a local presence, which in turn may contribute to non-compliance with EPR obligations.<sup>100,101</sup>

### 5.3.7.1 Minimising the Burden for ‘Small Producers’

As put forward in Task 2, SMEs should be obligated producers. However, we note a clause from the WFD on EPR: *“Member States shall ensure equal treatment of producers of products regardless of their origin or size, without placing a disproportionate regulatory burden on producers, including small and medium-sized enterprises, of small quantities of products.”* A means to prevent a disproportionate regulatory burden on SMEs, whilst still obligating them under EPR due to their importance in the textiles market, is to allow those placing smaller amounts of textiles on the market options to provide simplified reporting.

SMEs could therefore benefit from a simplified type of reporting system, that requests less product information than from other producers. This would facilitate the reporting process and demand less of actors who may have more limited resources to dedicate to EPR reporting. PROs would also be able to collect sufficient detail for waste management planning, without overburdening SMEs (and possibly to the point of non-compliance). Equally, SMEs should always be given the option of filling in the more granular reporting requirements that are obligatory for larger producers. The latter option might appeal to some, as they would not lose out on lower fees that were differentiated at a more granular level. Stakeholders agreed to this approach with regards to SMEs during the Task 2 focus group of producers obligated.

This view was also taken in France. Since 2022, all producers, including SMEs must declare their products POM.<sup>102</sup> However, in order to ease the reporting process for smaller producers, Re\_Fashion created a ‘simplified declaration’ format for such actors.<sup>103</sup> SMEs also benefit from webinars and presentations to assist them with their new declaration processes.<sup>104</sup> Different reporting requirements are available for producers reporting to Fost Plus, the Belgian packaging PRO.<sup>105</sup>

We note that simplified reporting requirements for SMEs should be for available for producers placing less on the market, as opposed to those with the least annual turnover. Companies with small turnovers are not necessarily placing less on the market and may in fact be selling more but of lower price and with higher costs to the EPR scheme if they are of lower quality. A better reflection of the polluter pays principle whilst also minimising the burden, is therefore to allow simplified reporting for producers placing less on the market. This view is mirrored by a recent change under the French textiles EPR scheme: prior to 2022 producers with an annual turnover of less than €750,000 excluding taxes, received lesser obligations under the EPR scheme; today, simplified reporting requirements are available to producers placing less than 5,000 items on the market each year.<sup>106</sup> Simplified reporting requirements should therefore be for producers placing small quantities of products on the market, rather than SMEs.

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<sup>100</sup> OECD (2019) Extended Producer Responsibility (EPR) and the Impact of Online Sales – Environment Working Paper No. 142. Available at: [https://one.oecd.org/document/ENV/WKP\(2019\)1/en/pdf](https://one.oecd.org/document/ENV/WKP(2019)1/en/pdf)

<sup>101</sup> Ecommerce Europe (2020) Extended producer responsibility policies that work for SMEs in Europe. Available at: <https://ecommerce-europe.eu/press-item/extended-producer-responsibility-policies-that-work-for-smes-in-europe/>

<sup>102</sup> Refashion

<sup>103</sup> Federation Nationale De L’Habillement (2023). Scale of the Simplified Eco-Contribution Declaration 2023. Available at: <https://federation-habillement.fr/bareme-de-la-declaration-simplifiee-eco-contribution-2023/#:~:text=Cette%20d%C3%A9claration%20simplifi%C3%A9e%20est%20accessible,d%C3%A9tail%C3%A9e%20et%20la%20d%C3%A9claration%20simplifi%C3%A9e>

<sup>104</sup> Re\_Fashion (2023) Declaration: Ste by Step guide. Accessed via: [2023 Declaration : Step by step guide - Marketer - Refashion.fr/pro](https://refashion.fr/pro)

<sup>105</sup> PRO Europe (2019) Producer Responsibility in Action. Available at: [https://www.pro-e.org/files/PRO-EUROPE\\_Producer-Responsibility-in-Action\\_web-version\\_final\\_150811.pdf](https://www.pro-e.org/files/PRO-EUROPE_Producer-Responsibility-in-Action_web-version_final_150811.pdf)

<sup>106</sup> Re\_Fashion (2022) Complying to the EPR law. Available at: [Guide Adherents 2022 ENG\\_EXE.indd \(refashion.fr\)](https://refashion.fr/Guide_Adherents_2022_ENG_EXE.indd)

We also note that simplified reporting requirements may not be necessary, depending on what is asked of small producers under the ESPR. If they are required to provide information in the DPP that is asked for in the standard EPR reporting system, there is no need for simplified reporting. This is another example of where EPR must align with external reporting requirements.

### **5.3.7.2 Non-National Sellers and Authorised Representatives**

Non-national sellers selling directly to a local consumer under a given EPR jurisdiction will become obligated producers under the revised definition suggested in section 3.3.1. However, we do not suggest that they receive reduced reporting obligations. Numerous logistical, financial and legal obstacles exist for non-national sellers selling directly to EU consumers. For this reason, we suppose that independent non-national sellers deciding to not go through EU based retailers or online marketplaces, are more likely to be larger actors. In this case, they have sufficient resources to dedicate to reporting obligations, and accurate reporting volumes of waste POM is even more crucial.

It has also been suggested that, rather than representing a true obstacle to reporting, language barriers are merely justification for certain non-national sellers to avoid their obligations. One advantage of harmonised EU requirements should be a higher level of awareness among all textiles business of likely requirements; and there may be steps to take EU-wide to facilitate registering with multiple EPR schemes. Again, whilst both deliberate and unintentional non-compliance must be taken into consideration throughout EPR design, it should not dictate processes around information collected, and we believe alternative suggestions for minimizing the burden pose equal or greater issues.

The obligations placed on non-national sellers under Task 2 also removes the need for “authorised representatives”, which are a feature of some EPR schemes, whereby producers can or must nominate a representative in the market they are selling into if they do not have a legal presence there themselves.

### **5.3.8 Inclusion of Stakeholders in Development of Reporting Systems**

**Impacted stakeholders must be involved in the development and evolution of reporting requirements at an EU and then national scale.**

A range of stakeholders must be included in the detailed specification of harmonised EU reporting requirements, and the data collection and reporting system to support them, if the EPR scheme is to be successful. This is true both during initial design of the scheme, and during any subsequent evolution, though in the latter case the stakeholder universe will be more established and self-evident. Waste management actors who are aware of the cost of EoL management, will be instrumental to developing a largely representative fee distribution between items, and therefore to harmonized product categories. National regulators – and, where they already exist – textiles PROs will likely be involved as users of the system. Finally, there may be value in ensuring representatives from the digital sector are involved, even if only as observers initially. Smart software solutions are a pre-requisite to making harmonized EPR effective and efficient – and at the same time, may provide exciting opportunities for innovation as Europe increasingly leads the world in collection and provision of digital product information to support a circular economy more generally.

With regards to reporting at an EU Member State level, textiles producers – large and small – must also be included in the process. Whilst this may require additional efforts from the organisers of the EPR scheme, it will provide producers with a level of transparency over the scheme and reinforce their trust in the system. They must remain involved to a certain degree, to ensure that reporting requirements are feasible in alignment with the “precision within reason” principle. They must also be made aware of upcoming changes to the scheme. The more foresight of upcoming changes is provided, the more time and resources they will be able to dedicate to new reporting requirements. In this way, inclusion of stakeholder is also strongly linked to the reporting evolution principle. Such involvement from producers is apparent in the French scheme, where groups of similar producers are consulted for upcoming changes.<sup>107</sup> Even in the case of the French scheme however, producers do not always feel listened to or pre-warned of upcoming changes.<sup>108</sup>

### 5.3.9 Data Security

**Whilst not a particularly complex point, data security is critical to a trustworthy and therefore effective EPR system.**

As part of EPR, producers must share highly sensitive and confidential market information with PROs. The PROs use the data for valuable applications in addition to calculating the fee to be paid by the producer. For example, Re\_Fashion publishes an annual activity report that provides detailed information surrounding the textile market in France, e.g., local authorities engaged with Re\_Fashion (and with different levels of engagement), the amount of funding received, and, per region, the tonnages collected, the ratio of inhabitants to deposit banks, the ratio of kilos to inhabitants, and tonnes sorted. They also provide data by item, on numbers POM and tonnages POM.<sup>109</sup> Within Fost Plus, the data is used to constantly optimise the packaging recycling system and respond to new developments, such as collection scenarios.<sup>110</sup> Similarly, they provide an annual activity report that shows the quantities POM, the recycling rate, and quantities of recycled packaging per inhabitant per year.<sup>111</sup>

However, there is a risk of data breaches (e.g., access to the data, hacking). Producers must be able to trust that the PRO has adequate measures in place to mitigate such risks. Re\_Fashion states that all submitted information is secure on the Re\_Fashion extranet, which is hosted via a protected API.<sup>112</sup> Similarly, Fost Plus states that the organisation complies with all applicable regulation on data legislation, but does not appear to provide further detail.

There is also a risk around data usage. Producers must be confident that their information will not serve for anything beyond the set-out purposes of the EPR scheme or go beyond the PRO, unless under clearly agreed circumstances (for example, it may reduce bureaucratic burdens if some information can be shared with national regulators individually or in the aggregate). For example, should an EU-wide database be set up and EPR schemes access data from there (as suggested in 5.3.4.2), they should only be able to access data that is directly relevant to their own Member State. Members signing up to Re\_Fashion must accept the general terms and conditions that agree to use the platform solely for the purposes stated in the registration, and they shall not reproduce, download, distribute etc. any of the brands, original works or

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<sup>107</sup> ReFashion (2023) Stakeholder Interview.

<sup>108</sup> Stakeholder Engagement Focus Group (2023)

<sup>109</sup> Refashion (2021) Activity Report. Available at: [https://refashion.fr/rapport-activite/2021/public/pdf/refashion\\_2021%20ativity\\_report.pdf](https://refashion.fr/rapport-activite/2021/public/pdf/refashion_2021%20ativity_report.pdf)

<sup>110</sup> Fost Plus (2021) New declaration system for packaging companies. Available at: <https://fostplus.prezly.com/new-declaration-system-for-packaging-companies>

<sup>111</sup> Fost Plus (2021) Recycling Household Packaging in Belgium. Available at: <https://com.fostplus.be/activityreport2021en/key-figures-2021>

<sup>112</sup> Refashion (2022) Is Data Secure? Available at: <https://faq.refashion.fr/hc/en-us/articles/7885827981469-Is-data-secure->

information contained on and within the platform.<sup>113</sup> Similarly, within Fost Plus, the members must expressly agree to allow Valipac and/or other indicated bodies to have access to the submitted packaging data, and to share data with other members.<sup>114</sup>

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<sup>113</sup> Refashion (2022) Is there a requirement of confidentiality? Available at: <https://faq.refashion.fr/hc/en-us/articles/7879718385437-Is-there-a-requirement-of-confidentiality->

<sup>114</sup> Fost Plus. Terms of use MyFost. Available at: <https://www.fostplus.be/en/terms-of-use-myfost>

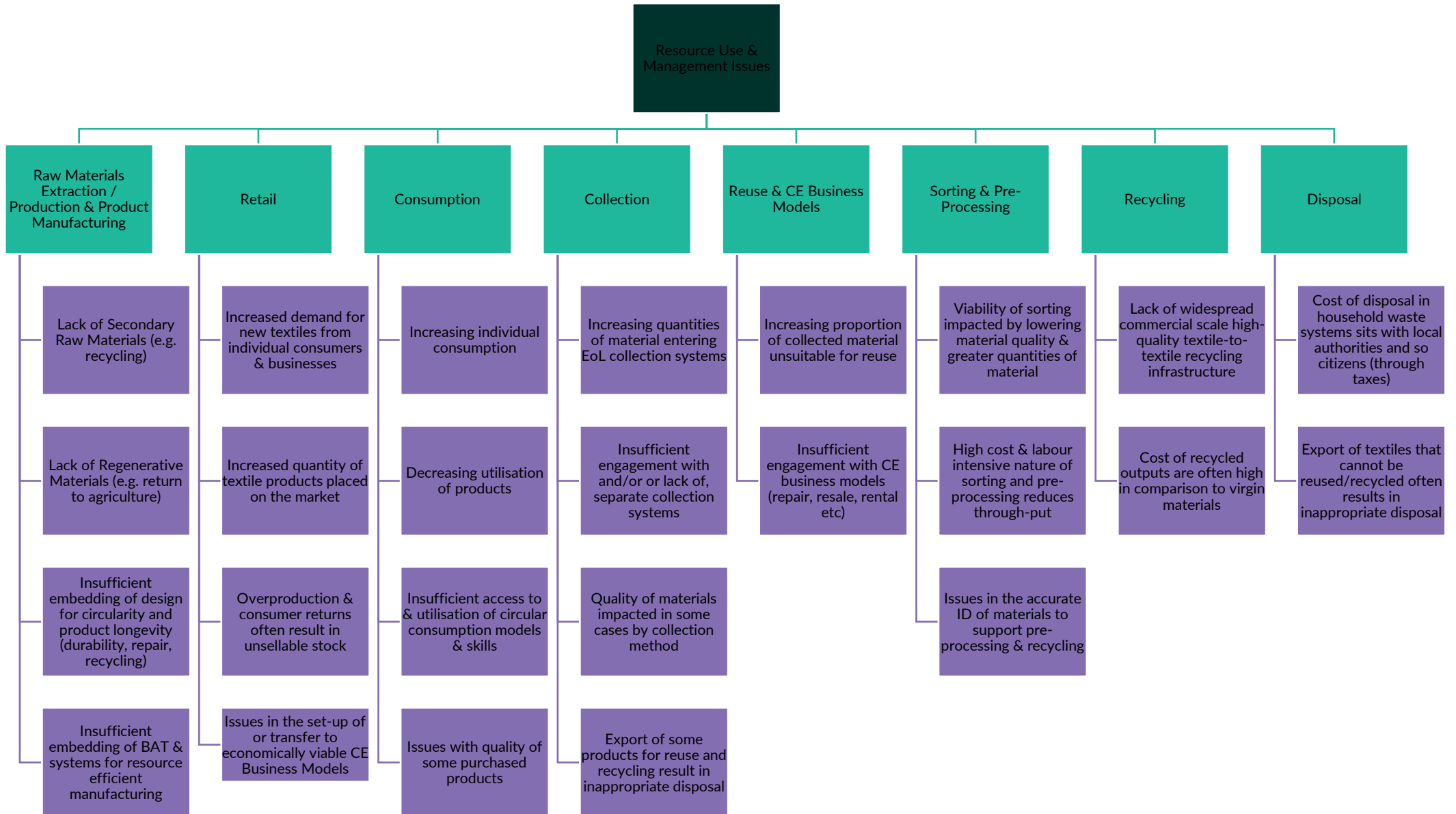


# Appendix





# A 1.0 Current Textiles Resource Management Issues



# A 2.0 EPR in the WFD

## A 2.1 Key Objectives Within the WFD

Key objectives highlighted in the WFD include:

- Waste prevention (Articles 9 & 29) through:
  - sustainable and resource-efficient production and consumption;
  - product longevity through product redesign and circular economy reuse systems such as repair and recycling; and
  - the establishment of waste prevention programmes.
- Increased diversion of material from residual waste to prepare for reuse and recycling (Article 11), including:
  - the implementation of separate textile collections by 1 January 2025; and
  - the potential for textile preparation for reuse & recycling targets.
- The development of waste management systems that protect human health and the environment through:
  - general and minimum requirements for EPR (Article 8/8a);
  - the setting of minimum standards for sorting and recycling (Article 27); and
  - the establishment of waste management plans (Article 28).
- Implementation and enforcement of requirements (Article 38).

## A 2.2 Minimum Requirements for EPR Schemes

Table 5-1 summarises the legal text for minimum requirements described in the WFD.

**Table 5-1 Legal Text for Minimum Requirements**

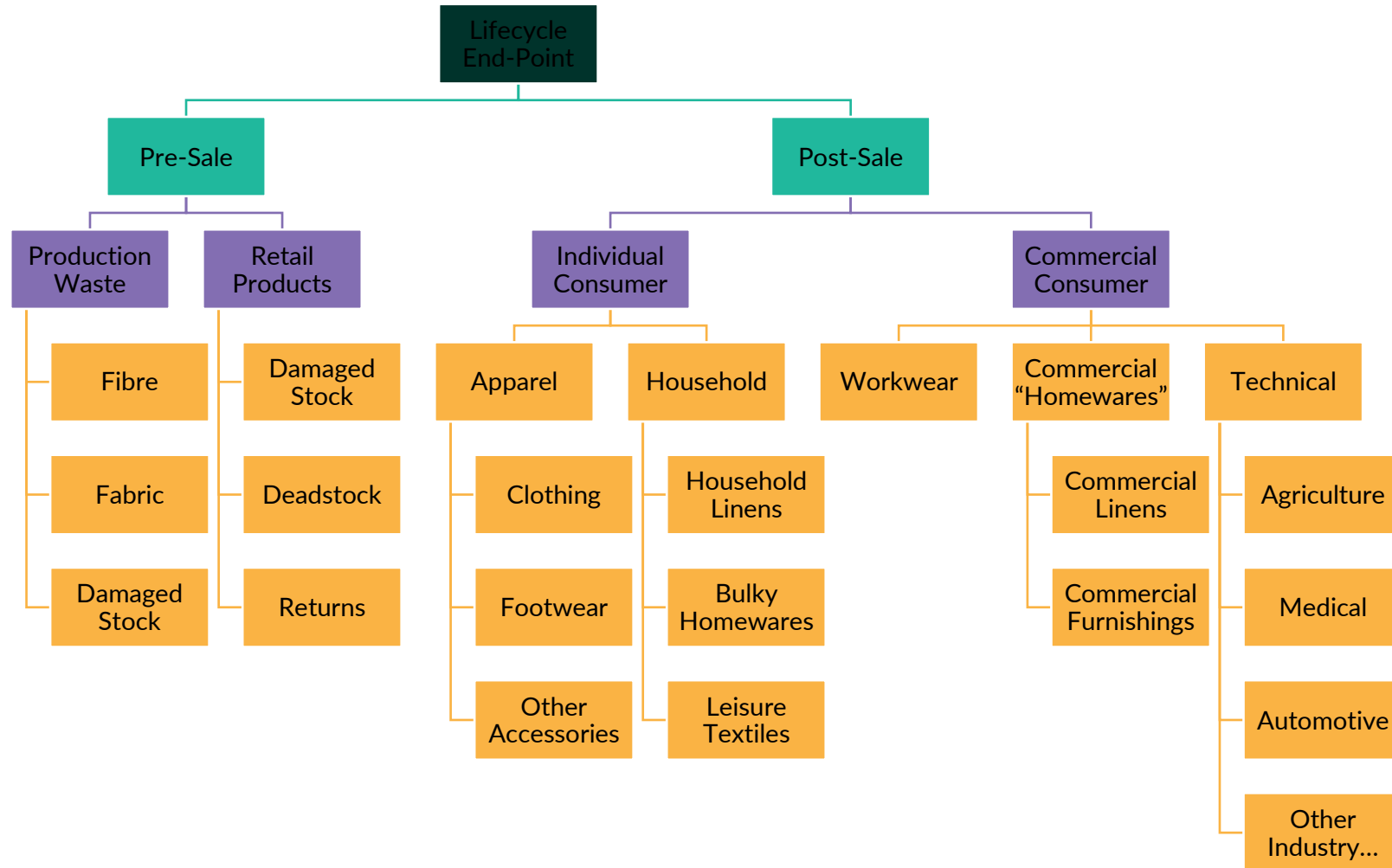
MRs	Relevant WFD Clauses
Obligations	<ul style="list-style-type: none"> <li>● <i>Article 8 1. Member States may take legislative or non-legislative measures to ensure that any natural or legal person who professionally develops, manufactures, processes, treats, sells or imports products (producer of the product) has extended producer responsibility.</i></li> <li>● <i>Article 8a 1.(a) Member States shall define in a clear way the roles and responsibilities of all relevant actors involved, including producers of products placing products on the market of the Member State, organisations implementing extended producer responsibility obligations on their behalf, private or public waste operators, local authorities and, where appropriate, re-use and preparing for re-use operators and social economy enterprises.</i></li> <li>● <i>Article 8a 3.(a) Member States shall take the necessary measures to ensure that any producer of products or organisation implementing extended producer responsibility obligations on behalf of producers of products (a) has a clearly defined geographical, product and material coverage without limiting those areas to those where the collection and management of waste are the most profitable;</i></li> </ul>

Reporting	<ul style="list-style-type: none"> <li>Article 8a 1.(c) Member States shall ensure that a reporting system is in place to gather data on the products placed on the market of the Member State by the producers of products subject to extended producer responsibility and data on the collection and treatment of waste resulting from those products specifying, where appropriate, the waste material flows, as well as other data relevant for the purposes of point (b) [which relates to waste targets for EPR].</li> </ul>
Targets	<ul style="list-style-type: none"> <li>Article 8a 1.(b) Member States shall in line with the waste hierarchy, set waste management targets, aiming to attain at least the quantitative targets relevant for the extended producer responsibility scheme as laid down in this Directive, Directive 94/62/EC, Directive 2000/53/EC, Directive 2006/66/EC and Directive 2012/19/EU of the European Parliament and of the Council ( 5 ), and set other quantitative targets and/or qualitative objectives that are considered relevant for the extended producer responsibility scheme.</li> </ul>
Equal Treatment	<ul style="list-style-type: none"> <li>Article 8a 1.(d) Member States shall ensure equal treatment of producers of products regardless of their origin or size, without placing a disproportionate regulatory burden on producers, including small and medium-sized enterprises, of small quantities of products.</li> </ul>
Communication	<ul style="list-style-type: none"> <li>Article 8a 2. Member States shall take the necessary measures to ensure that the waste holders targeted by the extended producer responsibility schemes established in accordance with Article 8(1), are informed about waste prevention measures, centres for re-use and preparing for re-use, take-back and collection systems, and the prevention of littering.</li> <li>Article 8a 3. Member States shall take the necessary measures to ensure that any producer of products or organisation implementing extended producer responsibility obligations on behalf of producers of products...: <ul style="list-style-type: none"> <li>(e) makes publicly available information about the attainment of the waste management targets referred to in point (b) of paragraph 1, and, in the case of collective fulfilment of extended producer responsibility obligations, also information about: <ul style="list-style-type: none"> <li>(i) its ownership and membership;</li> <li>(ii) the financial contributions paid by producers of products per unit sold or per tonne of product placed on the market; and</li> <li>(iii) the selection procedure for waste management operators.</li> </ul> </li> </ul> </li> </ul>
Costs Covered	<ul style="list-style-type: none"> <li>Article 8a 4. Member States shall take the necessary measures to ensure that the financial contributions paid by the producer of the product to comply with its extended producer responsibility obligations: <ul style="list-style-type: none"> <li>(a) cover the following costs for the products that the producer puts on the market in the Member State concerned: <ul style="list-style-type: none"> <li>- costs of separate collection of waste and its subsequent transport and treatment, including treatment necessary to meet the Union waste management targets, and costs necessary to meet other targets and objectives as referred to in point (b) of paragraph 1, taking into account the revenues from re-use, from sales of secondary raw material from its products and from unclaimed deposit fees,</li> <li>- costs of providing adequate information to waste holders in accordance with paragraph 2,</li> <li>- costs of data gathering and reporting in accordance with point (c) of paragraph 1.</li> </ul> </li> </ul> </li> </ul>
Necessary Costs	<ul style="list-style-type: none"> <li>Article 8a 4.(c) [With regard to costs covered, they must]...not exceed the costs that are necessary to provide waste management services in a cost-efficient way. Such costs shall be established in a transparent way between the actors concerned.</li> </ul>

<p>Fee modulation</p>	<ul style="list-style-type: none"> <li>● <i>Article 8a 4. Member States shall take the necessary measures to ensure that the financial contributions paid by the producer of the product to comply with its extended producer responsibility obligations:</i> <ul style="list-style-type: none"> <li><i>(b) in the case of collective fulfilment of extended producer responsibility obligations, are modulated, where possible, for individual products or groups of similar products, notably by taking into account their durability, reparability, re-usability and recyclability and the presence of hazardous substances, thereby taking a life-cycle approach and aligned with the requirements set by relevant Union law, and where available, based on harmonised criteria in order to ensure a smooth functioning of the internal market.</i></li> </ul> </li> </ul>
<p>Monitoring &amp; Enforcement</p>	<ul style="list-style-type: none"> <li>● <i>Article 8a 2. Member States shall take the necessary measures to ensure that any producer of products or organisation implementing extended producer responsibility obligations on behalf of producers of products:...</i> <ul style="list-style-type: none"> <li><i>(d) puts in place an adequate self-control mechanism, supported, where relevant, by regular independent audits, to appraise:</i> <ul style="list-style-type: none"> <li><i>(i) its financial management, including compliance with the requirements laid down in points (a) and (b) of paragraph 4;</i></li> <li><i>(ii) the quality of data collected and reported in accordance with point (c) of paragraph 1 of this Article and with the requirements of Regulation (EC) No 1013/2006;</i></li> </ul> </li> </ul> </li> <li>● <i>Article 8a 5. Member States shall establish an adequate monitoring and enforcement framework with a view to ensuring that producers of products and organisations implementing extended producer responsibility obligations on their behalf implement their extended producer responsibility obligations, including in the case of distance sales, that the financial means are properly used and that all actors involved in the implementation of the extended producer responsibility schemes report reliable data.</i></li> </ul>

# A 3.0 Categorisation of Textiles by End-Point

Figure 5-5 Categorisation of Textiles by End Point



# A 4.0 Products in Scope of Existing & Proposed EPR Schemes

France is currently the only country with an operational textile EPR scheme, which has been in place since 2008. A law introducing a textile EPR scheme in Sweden was enacted on 1 January 2022, with the licensing of collections set to start on 1 January 2024.<sup>115</sup> The Dutch scheme was supposed to come into effect on 1 January 2023 but has been delayed, and is likely to now take effect in Spring 2023.<sup>116</sup>

Under the French EPR scheme all apparel products, clothing, shoes and accessories are included, defined as ‘textiles to be worn’.<sup>117</sup> Certain household linen products including towels, tablecloths and curtains are also included. Products for commercial consumers are explicitly excluded under the French EPR scheme, as are bulky homewares such as furniture. Reportedly this is due to the scheme’s focus on easy-to-handle product sizes, that fit with regular collection infrastructure.<sup>118</sup> It is assumed technical textiles are also excluded under this category. The French EPR scheme explicitly excludes remanufactured, repaired or resold products. It has been suggested, through Eunomia’s engagement with stakeholders, that this may be due to a lack of transparency on the material composition and provenance of these products. Lastly, the French EPR scheme does not mention household textiles like tents or sleeping bags, textiles from production waste or unsold retail products, such as damaged or dead stock or returns.

In the forthcoming Swedish EPR scheme, it has been proposed that clothing and accessories be included, but not shoes.<sup>119</sup> The explicit exclusion of shoes, while not mentioned, could be for a number of reasons. For example, the mixed material nature of the product, their potential to contaminate items they are co-collected with, or potentially due to a current lack of end-markets. Sleeping bags, classed as a “leisure” product, are included under the Swedish EPR scheme, however, bulky homewares such as furniture and mattresses are explicitly excluded under, reportedly due to low technical feasibility and economic viability of separate collection and recycling. Technical textiles are also excluded for the same reason.<sup>120</sup> However, while technical textiles are explicitly excluded, other products intended for commercial consumers such as workwear, commercial homewares and furnishings are not mentioned. Textiles from production waste or unsold retail products, such as damaged or dead stock or returns are also not mentioned.

Under the proposed Dutch EPR scheme, clothing is included, but neither accessories nor shoes are mentioned.<sup>121</sup> In terms of products for commercial consumers, only workwear is identified for inclusion. Commercial household products or technical textiles are not mentioned. The Dutch EPR scheme also explicitly excludes “leisure” products such as blankets, sails and tents, as well as those products that go unsold such as deadstock and returned retail products, as they have not been POM (in the case of deadstock), or “remained” on the market (in the case of returns).

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<sup>115</sup> Mathews, B. (2020) Sweden passes EPR laws on textiles, clothing, accessed 21 November 2022. Available at: <https://apparelinsider.com/sweden-passes-epr-laws-on-textiles-clothing/>

<sup>116</sup> Lijbaart, D. S. (2022) Wetgeving niet rond: UPV Textiel uitgesteld naar voorjaar 2023, accessed 15 December 2022. Available at: <https://fashionunited.nl/nieuws/mode/wetgeving-niet-rond-upv-textiel-uitgesteld-naar-voorjaar-2023/2022113055537>

<sup>117</sup> Re\_Fashion (2021) Foire aux questions, accessed 21 November 2022. Available at: <https://refashion.fr/pro/fr/faq>

<sup>118</sup> Communication with stakeholders in focus groups

<sup>119</sup> Regeringskansliet (2020) Producentansvar för textil – en del av den cirkulära ekonomin, accessed 21 November 2022. Available at: <https://www.regeringen.se/rattsliga-dokument/statens-offentliga-utredningar/2020/12/sou-202072/>

<sup>120</sup> Focus group with textiles industry stakeholders on Products in Scope, on 9 November 2022

<sup>121</sup> European Commission (2022) Decree of [...] laying down rules on extended producer responsibility for textile products (Extended Producer Responsibility Decree), accessed 21 November 2022. Available at: <https://ec.europa.eu/growth/tools-databases/tris/en/search/?trisaction=search.detail&year=2022&num=334>



# A 5.0 Product Categories for Market Size Quantification

To estimate the quantities of key products POM in the EU, Eunomia has used 2019 UNCOMTRADE data. The results are described in Table 5-2.

**Table 5-2 Quantities of Key Textile Products Placed on the Market in the EU (2019)**

Category	Sub-category	Tonnes Imported	Tonnes Exported	Tonnes Produced	Products Placed on Market **	% of Market
Apparel	Clothing	4,647,498	469,959	790,542	4,968,080	16.5%
	Footwear	1,402,601	182,424	485,153	1,705,329	5.7%
	Other Accessories	900,820	95,408	1,112,322	1,917,734	6.4%
Household	Linens	692,688	47,357	195,902	841,233	2.8%
	Curtains	223,940	15,883	1,262,939	1,470,996	4.9%
	Bedding	380,751	46,068	57,596	392,279	1.3%
	Mattresses	66,211	65,326	1,289,918	1,290,803	4.3%
	Furniture	3,122,021	1,874,093	11,640,896	12,888,824	42.9%
	Carpets, rugs	477,951	220,309	1,077,539	1,335,181	4.4%
	Leisure*	192,448	22,125	226,470	396,793	1.3%
Other	Fabrics	1,312,604	701,596	1,594,637	2,205,645	7.3%
	Tulles, lace, trimming	54,551	38,077	41,323	57,798	0.2%
	Misc textile items	456,496	48,790	140,213	547,919	1.8%
<b>TOTAL</b>		<b>13,930,579</b>	<b>3,827,414</b>	<b>19,915,449</b>	<b>30,018,615</b>	<b>100.0%</b>

*\*The leisure textiles category includes both "household" products such as sleeping bags & tents; as well as those more aligned with "technical" textiles such as sails & tarpaulins.*

*\*\* Products Placed on the Market is calculated by Production + Imports - Exports. The figures for import assume that final products imported into the EU for sale remain in the EU.*

Source: The United Nation's Common Format for Transient Data Exchange (UNCOMTRADE) data has been used to gather import and export data using Standard International Trade Classification (SITC) product codes. SITC codes are used due to the international scope and granularity of the codes to capture the trade data on the products in scope. PRODCOM<sup>122</sup> data was used to gather production data by textile category within the EU. Some modelling was done to estimate weight based on the number of items

<sup>122</sup> PRODCOM stands for PROducts of the European COMMunity and is a European Union (EU) wide survey of production mainly for the manufacturing industries.

produced using assumptions such as the average weight of one item of apparel. 2019 has been selected as the baseline year due to the availability of information, and to avoid any changes in consumption patterns due to the COVID-19 pandemic beginning in 2020. The products included in each category are detailed in Appendix .

The table below provides a detailed classification of the products reported by UNCOMTRADE data.

Sub-category	Description / Examples
Clothing	<p>Men’s, women’s, and children’s apparel, not limited to, but including:</p> <ul style="list-style-type: none"> <li>● Overcoats, car coats, capes, cloaks, anoraks (including ski jackets), windcheaters, wind jackets and similar articles;</li> <li>● Suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts;</li> <li>● Blouses, shirts and shirt blouses;</li> <li>● Slips, petticoats, briefs, panties, nightdresses, pyjamas, negligees, bathrobes, dressing-gowns and similar articles ;</li> <li>● Babies' garments and clothing accessories;</li> <li>● Jerseys, pullovers, cardigans, waistcoats and similar articles, knitted or crocheted;</li> <li>● T-shirts, singlets and other vests, knitted or crocheted;</li> <li>● Brassières, girdles, corsets, braces, suspenders, garters and similar articles and parts thereof, whether or not knitted or crocheted; and</li> <li>● Swimwear</li> </ul>
Shoes	<p>This includes all shoes, such as:</p> <ul style="list-style-type: none"> <li>● Footwear incorporating a protective metal toecap;</li> <li>● Sports footwear;</li> <li>● Footwear with outer soles and uppers of rubber or plastics;</li> <li>● Other footwear with uppers of leather or composition leather; and</li> <li>● Other footwear, with uppers of textile materials.</li> </ul>
Accessories	<p>Clothing accessories such as:</p> <ul style="list-style-type: none"> <li>● Handkerchiefs, scarves, bow ties, panty hose, tights, stockings, socks and other hosiery, including graduated compression hosiery (for example, stockings for varicose veins) and footwear without applied soles, gloves, mittens and mitts;</li> <li>● Handbags, whether or not with shoulder-strap (including those without handle);</li> <li>● Trunks, suitcases, vanity cases, executive cases, briefcases, school satchels and similar containers; and</li> <li>● Articles of a kind normally carried in the pocket/handbag.</li> </ul>
Linens	<p>Bed linen, table linen, toilet linen and kitchen linen</p>
Curtains	<p>Curtains (including drapes) and interior blinds or roller shades of textile materials; curtain or bed valencies of textile materials</p> <p>Furnishing articles, n.e.s. Of textile materials</p>
Bedding	<p>Blankets and travelling-rugs (other than electric)</p> <p>Articles of bedding, n.e.s., including cushions, quilts and pillows</p>

Mattresses	Mattresses of cellular rubber/plastics Mattresses of all other materials
Furniture	This category includes all furniture: <ul style="list-style-type: none"> <li>• Furniture of metal;</li> <li>• Furniture of wood; and</li> <li>• Furniture of other materials.</li> </ul> <p>Notably, this means a large portion of this category is not necessarily containing textile material.</p>
Carpets, rugs	Carpets and other textile floor coverings, knotted, whether or not made up. Kelem, Schumacks, Karamanie & similar hand-woven rugs Carpets and other textile floor coverings, tufted, whether or not made up. Carpets and other textile floor coverings, woven, not tufted or flocked, whether or not made up Carpets and other textile floor coverings, n.e.s.
Leisure	Sleeping-bags Tarpaulins, awnings and sunblinds; tents; sails for boats, sailboards or landcraft; camping goods
Fabrics	Cotton fabrics, woven (not including narrow or special fabrics) Fabrics, woven, of man-made textile materials (not including narrow or special fabrics) Other textile fabrics, woven Knitted or crocheted fabrics (including tubular knit fabrics, n.e.s., pile fabrics and openwork fabrics), n.e.s.
Tulles, lace, trimming	Tulles, lace, embroidery, ribbons, trimmings and other smallwares
Misc textile items	Tapestries, handwoven gobelins, flanders, aubusson, beauvais types and the like, and needleworked tapestries (petit point, cross-stitch, etc.) Floorcloths, dishcloths, dusters and similar cleaning cloths Life jackets and life belts and other made-up articles, n.e.s., of textile materials Needlecraft sets, consisting of woven fabric and yarn (with or without accessories) for making rugs, tablecloths, etc., packaged for retail sale

## A 5.1 Notable Exclusions

In an attempt to only include finished or whole products, we have excluded:

- Parts of footwear (including uppers, whether/not attached to soles other than outer soles); removable insoles, heel cushions & similar articles; gaiters, leggings & similar articles & parts thereof; and
- Parts of furniture.

To avoid the inclusion of B2B products, we have excluded:

- Sacks and bags, of textile materials, of a kind used for the packing of goods.

We have also excluded *“Articles of apparel and clothing accessories (including gloves), for all purposes, of plastics or of vulcanized rubber (other than hard rubber)”* as this included items such as disposable rubber gloves.

# A 6.0 Discussion on Potential Selection Criteria

Table 5-3 Potential Selection Criteria for Identification of Appropriate Products in Scope & associated inclusion/exclusions

Criteria	Description	Key Resulting Inclusion(s)	Key Resulting Exclusion(s)	Notes & Potential Rationale
<b>Environmental Impact</b>	Does the product result in a high environmental impact?	-	-	Not possible to assess accurately due to issues in quantification
<b>Quantity Placed on Market</b>	Are large quantities of material placed on the market, resulting in significant quantities requiring management at EoL?	<ul style="list-style-type: none"> <li>• Furniture</li> <li>• Clothing</li> <li>• Footwear</li> <li>• Other Accessories</li> <li>• Carpets</li> <li>• Mattresses</li> <li>• Household linens</li> </ul>		All represent >5% of product market composition described in Figure 4-2.
<b>Designated Responsibility for Management</b>	Who is responsible for the management of the material when it enters EoL?		<ul style="list-style-type: none"> <li>• Production waste</li> <li>• Unsold retail products (damaged stock, deadstock, returned products)</li> </ul>	Materials/products are generated or returned to the entity that produced them/placed them on the market, so they are already responsible. If additional regulation is needed, this can be done directly rather than via an EPR system

Criteria	Description	Key Resulting Inclusion(s)	Key Resulting Exclusion(s)	Notes & Potential Rationale
<b>Ability to Enforce EPR</b>	Can EPR be enforced for the products?		<ul style="list-style-type: none"> <li>• Production waste</li> </ul>	While this may be possible for domestic manufacturers, many textile products are imported from other countries, where the legislation cannot be applied. If implemented solely for domestic manufacturers, this could also result in a decrease in their competitiveness relative to foreign manufacturers.
<b>Product Lifetime</b>	Do products have significantly different (or similar) lifetimes, resulting in differences in collection?		<p>Individual and commercial consumers:</p> <ul style="list-style-type: none"> <li>• Carpets;</li> <li>• Mattresses; and</li> <li>• Some homewares &amp; furnishings</li> </ul>	Will likely have far longer lifetimes, and therefore are likely to have inconsistent requirements for collection (on demand rather than regular), and also very different consumer behaviours and expectations
<b>Cost Accounted for Already</b>	Have the costs of EoL management already been accounted for under EPR		<ul style="list-style-type: none"> <li>• Reused products</li> </ul>	When an EPR scheme has been set up, the management of a product will have already been accounted for when (as a new product) it is POM. Therefore, as a reuse product (and to support CE business models) they should not be in scope.



Criteria	Description	Key Resulting Inclusion(s)	Key Resulting Exclusion(s)	Notes & Potential Rationale
<b>Collection Method</b>	Can products be collected in a similar manner / does the consumer perceive products as “similar” for collection; or are collection systems different?	<ul style="list-style-type: none"> <li>• Clothing</li> <li>• Footwear</li> <li>• Other Accessories</li> <li>• Non-technical workwear</li> </ul>		Collection and sorting organisations often must deal with these materials anyways, as the consumer will regularly deposit them in the same collection system in any case. On the other hand, bulky items will require different collection systems. Aligning with consumer expectations is likely to make it easier to communicate and operate an effective scheme.
<b>Sorting Disruption</b>	Could the co-collection of materials result in disruption of or damage to the sorting process?		<p>Larger 2D and 3D textiles from individual and commercial consumers i.e.:</p> <ul style="list-style-type: none"> <li>• Duvets &amp; pillows;</li> <li>• Some curtains;</li> <li>• All bulky homewares &amp; furnishings; and</li> <li>• Some leisure textiles i.e. tents, technical headwear, and sports equipment e.g. helmets, shin guards etc.</li> </ul>	<p>If any of these items were to find their way into a collection stream, there is the potential both for:</p> <ul style="list-style-type: none"> <li>• Health and safety issues if these items are heavy</li> <li>• Damage to any sorting equipment due to their weight, or if they get caught up in any mechanical sorting e.g. conveyor belts, under sensors etc</li> </ul>

Criteria	Description	Key Resulting Inclusion(s)	Key Resulting Exclusion(s)	Notes & Potential Rationale
<b>Collection Stream Contamination</b>	Does including the product within collection cause an issue for biological contamination or hazardous contamination due to the way it must be used by the final consumer?		<ul style="list-style-type: none"> <li>• Product returns &amp; post-sale products that are soiled</li> <li>• Certain workwear e.g., those used in industry that are contaminated through use i.e. chemical/oil residue.</li> <li>• Certain technical textiles e.g., medical textiles</li> </ul>	<p>These items could contaminate the collection scheme if handled <del>collect</del> with other products, and could also contaminate the resulting outputs destined for reuse or recycling. This may require their separate collection and disposal.</p>
<b>Similarities in end-markets</b>	Do products have similar routes to end-market?	<ul style="list-style-type: none"> <li>• Clothing</li> <li>• Footwear</li> <li>• Other Accessories</li> <li>• Some non-technical workwear</li> </ul>		<p>Clothing &amp; accessory products, will typically, go to reuse end-markets. While their future recycling processes may be different – currently their collection and treatment pathways (and therefore costs) will be broadly similar. Conversely, some products will have vastly different collection and treatment routes, resulting in significantly different costs. Given EPR (at the outset at least) will to some extent spread the cost across producers where the granularity of data is not available, this can result in unreasonable costs on some producers. It would be the responsibility of the EPR scheme to ensure that, where differences exist for products in scope of the same scheme, that this granularity of data is delivered as soon as is feasible.</p>

Criteria	Description	Key Resulting Inclusion(s)	Key Resulting Exclusion(s)	Notes & Potential Rationale
<b>Requirements for recycling preparation</b>	Do products have similar treatment processes to prepare for recycling?	<ul style="list-style-type: none"> <li>• Clothing</li> <li>• Household / Commercial linens</li> <li>• Non-technical workwear</li> </ul>	<ul style="list-style-type: none"> <li>• Production waste</li> <li>• Footwear</li> <li>• Accessories</li> <li>• Bulky homewares / commercial homewares &amp; furnishings</li> <li>• Leisure textiles</li> <li>• Technical workwear</li> <li>• Most technical textiles</li> </ul>	<p>Typically, linens and non-technical workwear will be composed of similar fibres (polyester, cotton, polycotton etc) and with low levels of treatments dissimilar to those of clothing.</p> <p>Production waste will be homogenous and will likely not require the same level of sorting or preparation for recycling as finished products.</p> <p>Bulky homewares &amp; commercial homewares, leisure textiles, technical workwear and other industry all will have bespoke preparation for recycling requirements (cleaning, removal of trims etc.) – not aligned with the treatment for clothing, and likely resulting in differing costs for management.</p>
<b>Disruption to Recycling End-Market</b>	Would recycling of materials together inhibit their subsequent use in recycling end-markets?		<ul style="list-style-type: none"> <li>• Certain items of technical clothing &amp; workwear</li> <li>• Technical “treated” homewares i.e. with fire retardants</li> <li>• Many leisure textiles</li> </ul>	<p>Recycling these products together may cause issues in use of the resulting recycle in end markets. For example, the use of recycled fibre in clothing (which is skin contact) may still contain traces of these chemicals if they are recycled together and not sufficiently decontaminated.</p>

# A 7.0 Stakeholder Engagement

The stakeholder engagement that informed this study can be summarised as:

- An interview with Re\_Fashion, the French textiles PRO, on 30 January 2023. This interview focused on reporting requirements under the French Scheme, and justification for decisions made regarding reporting.
- Three focus groups with stakeholders from across the textiles industry, each dedicated to a specific area: producers obligated; products in scope; and reporting principles.

**Figure 8 - Focus Group Summaries**

Focus Group	Aim	Attendees*
Products in scope 9 November 2022	Explore which product categories should and should not be in scope of textiles EPR.	Actors involved in the end-of-life management of textiles and similar waste, who can share practical obstacles to including certain categories in the scope of textiles EPR.
Obligated producers 14 November 2022	Better understand issues around producers obligated, and test some of Eunomia's thinking in this area.	Actors that typically come under the definition of producer and stakeholders who have considered the issue (e.g., policy makers, NGOs, industry associations).
Reporting principles 2 February 2023	Explore the advantages and disadvantages of the existing French textiles EPR scheme's producer reporting requirements (and other developing reporting requirements) encountered by focus group attendees, and test Eunomia's suggestions for different reporting aspects.	Actors that typically fall under the definition of producer, as well as waste management actors, and stakeholders who have considered the issue (policy makers, NGOs, industry associations, etc).

\*At this stage, we do not have the authorisation from stakeholders to include individuals' or companies' names.

