

Extended producer responsibility (EPR) for the textile value chain

Joint Position Paper

August 2021

In the light of the upcoming regulatory requirement to separately collect textile waste in all EU Member States by 2025 and the expected publication of the EU Textiles Strategy, **Extended Producer Responsibility (EPR)** is being assessed by policymakers at EU and Member State level as a potential instrument to **promote sustainable textiles** and **textile waste management in accordance with the waste hierarchy**, as well as to support handling of the expected increase in textile collection volumes.

The signatories of this position paper (the Policy Hub – Circularity for Apparel and Footwear, the Bureau of International Recycling (BIR), Circle Economy, the European Federation for Waste Management and Environmental Services (FEAD), Amsterdam Metropolitan Area, the Government of Catalonia and the Municipality of Milan) are committed to **accelerate circularity** in the textiles, apparel and footwear value chain (hereinafter referred to as 'textile value chain') by changing how textiles are produced, used and recirculated into new material, as well as to contribute to attain the **sustainability goals** of the European Green Deal and the EU's Circular Economy Action Plan.

We seek an open dialogue with European policymakers to jointly **drive the debate on EPR for textiles forward** and shape a **common framework** that:

- Builds upon the **learnings** and success factors from existing EPR frameworks, both in textiles and other key value chains
- Is tailored to the **specificities** of the textile value chain and its broad portfolio of materials and products, which have different cycles and functionalities
- Effectively contributes to drive **circular** change, contributing to prolong the use of textiles and to keep textile resources in re-circulation as much as possible and prioritize recycling to develop a secondary raw materials market for textiles
- Takes due consideration when setting up EPR schemes of existing, well-performing business-to-business contracts between producers and the waste management sector

We outline in this position paper **five policy recommendations**:

1. **Reviewing harmonised EPR as a tool for circularity**
2. **A set of common goals and a shared responsibility system**
3. **A harmonised scope with a phased approach**
4. **Adequate financing: a harmonised eco-modulation of fees concept to consistently reward circular design**
5. **Building the right foundations for setting EPR, discussing targets and ensuring traceability**

We look forward to collaborating with the European Commission services and other relevant stakeholders to deliver on our common ambition to help the textile value chain become circular.

1. REVIEWING HARMONISED EPR AS A TOOL FOR CIRCULARITY

A number of Member States are currently developing national EPR (e.g., France, Sweden, the Netherlands). We see such fragmentation of rules across the EU as a risk. **A harmonised EPR for textiles at EU level under the Waste Framework Directive** will help to leverage workable solutions to used textiles, boost the secondary raw materials market and help sustainable products become the norm across Europe.

We consider that any EPR approach for textiles should be first and foremost **fit for the purpose of circularity** and fully **aligned with a waste hierarchy** that promotes 1. waste prevention, 2. the extension of life of textile products and 3. the re-circulation of textile resources.

In line with that definition, we consider that EPR for textiles should be based on the following policy principles:

- **Full alignment with the EU waste hierarchy**, prioritising re-use, preventing recycling of textiles that can still be re-used and supporting high-value recycling, including fibre-to-fibre recycling.
- **A collaborative approach among all stakeholders in the textile value chain**, working jointly on how to design and implement EPR in a way that it can be a workable and effective solution to drive circularity and to encourage transparency and shared governance.
- **A harmonised approach at the EU level** through a common policy framework, including a set of common principles, a clear scope and allocation of responsibilities among all relevant stakeholders, a robust mechanism of monitoring, control and surveillance; proportional financing and a transparency and traceability system and criteria.
- **A clearly defined EPR system** that ensures competitiveness, creates a level playing field without loopholes, avoids disproportionate burdens and facilitates compliance for all impacted companies regardless of their origin or size. Implementation of EPR should go hand in hand with strong complementary measures to create demand for secondary raw materials. And EPR schemes have to ensure transparency and an open market.
- **A holistic approach** to the entire textile value chain to drive innovation, transparency, efficiency and circular change both upstream in the design phase and downstream in the end-of-life phase.
- **Looking at textiles as resources and not as waste**, seeking common definitions for waste textiles that have ceased to be waste (i.e., when prepared for re-use or when recycled as fibres). Common definitions will help solve current barriers to circularity by better differentiating bans or trade restrictions for waste from trading recycled materials (products) across borders within the EU and outside the EU.
- **Policy coherence**, being consistent with and supportive of other policy efforts within the EU impacting textile products, chemicals and waste while taking into consideration the realities of global supply chains and the need to collaborate with other regions and authorities globally. The upcoming EU Textiles Strategy, together with the Sustainable Products Initiative framework, should ensure consistency across the various policies impacting textiles and to maintain a coordinated approach across the EU.

2. A SET OF COMMON GOALS AND A SHARED RESPONSIBILITY SYSTEM

We recognize that while there is a need for a **harmonised approach** to EPR with a common European policy framework, a one-size-fits-all approach is a challenge. For this reason, some key aspects are suggested that should be common, without prejudice of some flexibility to accommodate the specific realities of EPR implementation in different Member States.

In our view it is essential to **ensure consistency** in the implementation of EPR across Europe, aiming at and delivering on the following **common goals**:

- Providing **sufficient financing** to secure the adequate, proportionate infrastructure and processes to effectively and efficiently collect and sort used textiles and to prioritise 1. reuse and 2. high-value recycling, including fibre-to-fibre recycling. Also to support **textiles waste minimization**.
- Ensuring **thriving markets for second-hand textiles**, through the establishment of (preparing for) re-use targets that cover both the management of used textile and the uptake of such products on the EU market, as well as through safeguarding shares of the EPR fees to these activities.
- Boosting **functioning markets for recycled materials with a strong demand for recycled materials**, ensuring their quality and their demand to truly enable circular pathways that connect used textiles with production cycles.
- Rewarding **circular design** through clear, consistent incentives and/or targets with a focus on durability, reusability, repairability and remanufacturing as well as the use of recycled materials from post-consumer textiles and/or sustainably sourced fibres in new textiles. Also, through rewards and incentives to stakeholders' efforts to educate consumers on care, repair, reuse and recycling of textiles.
- Supporting **innovation** and development of technologies for sorting, cleaning, re-using and recycling of textiles, as well as the uptake of circular business models.
- Increasing **transparency** and **traceability** of material flows.
- Supporting **robust environmental claims** in textiles to enable informed consumer choices.

- Engaging European **consumers** to use and dispose of their textiles sustainably. Upcoming legislation on empowering consumers and substantiating claims should drive up demand for recycled materials and engage consumers to dispose of textiles sustainably.

We call on European policymakers to ensure that EPR contributions and cost-sharing models are oriented towards funding the different activities that are necessary to fulfil this set of common goals, operating under a **shared responsibility system** that takes into account all actors in the textile value chain and their respective contribution to circularity (e.g., professional collectors, sorters and recyclers of used textiles, as well as charities and social enterprises).

3. A HARMONISED SCOPE WITH A PHASED APPROACH

In order to keep a level playing field in Europe, we recommend defining a **clear, harmonised scope** to determine which textile products fall under the scope of EPR, ensuring that the selected scope:

- Is broad enough to drive effective change while being **workable** in practice with the currently available technologies.
- **Prevents different interpretations** within the single market and **avoids economic and social imbalances** or negative incentives in the market caused by products being in scope in some Member States and out of scope in others.
- Makes it **easy for consumers** to understand which textiles are in scope and how they can participate in the EPR system.

With this in mind, we propose the following recommendations:

- Choosing a **phased approach** to define which categories or types of textile products are in-scope, which exemptions should be considered for complex products posing a challenge with the currently available technologies (e.g., Personal Protective Equipment) and how to take into account the role of technology in the future and the opportunities it may bring to expand the EPR scope. In line with this, we suggest the following:
 - **Definition of the target scope.** EPR should cover all domestic textile products: household textiles, apparel and footwear. They should be technically defined and guides or annexes with examples for doubtful cases would be useful. In this way, the textile waste that the municipalities must collect separately from 2025 will have an EPR scheme that guarantees adequate financing for their management.
 - **Distinction by type of product.** Without prejudice to establishing an EPR with a broad scope, it is relevant to consider the different types of textile waste (clothing, footwear, etc.) as sorting, preparation for reuse and recycling requirements may differ. Based on a common framework of obligations and responsibilities, the collection and recycling targets as well as some specific obligations of the value chain stakeholders may have to be defined for each product/waste subcategory.
- **Clear and detailed definition of the obligations of all actors involved.** Responsibilities of all relevant actors (producers, distributors, organizations implementing extended producer responsibility obligations -PROs-, private or public waste operators, local authorities and re-use and preparing for re-use operators and social economy enterprises) should be established. The role of new operators should also be regulated, such as online sales platforms (marketplace). The same requirements must be fully applicable also for imported products and for distant, cross-border selling in order to minimise the risk of free-riding.
- EPR should **not be detrimental to second-hand textiles**, avoiding double contributions for textile products that were already placed in the market once.
- Ensuring that EPR is **not detrimental to existing, well-integrated and commonly agreed collection systems** set up and organised by producers, distributors and other stakeholders in the textile value chain (e.g., professional and charitable collection, charities sorting and preparing for re-use used textiles, brands managing in-store and/or online collection systems). Credits or discounts on EPR fees should be foreseen for materials that have been returned and processed through in-store and/or online collection systems.
- Guaranteeing that all collection, sorting, handling and treatment activities are performed by **authorised operators** and in accordance with the necessary **common requirements** to safeguard quality and efficiency as well as to effectively contribute to circularity.

4. ADEQUATE FINANCING: A HARMONISED ECO-MODULATION OF FEES CONCEPT TO CONSISTENTLY REWARD CIRCULAR DESIGN

As mentioned before, EPR should finance the management costs, as well as awareness activities and traceability systems. In this line:

- EPR funding should be shared by producers with other agents (who will benefit from these measures) and with the competent authorities.
- Funding should be ring-fenced to ensure it is dedicated to a clearly defined scope of activities and to achieving specific pre-defined objectives.

We consider that the eco-modulation of EPR fees can encourage and reward circular design while consistently complementing other policy efforts in the context of the upcoming EU's Sustainable Product Policy Initiative.

Nonetheless, as a prerequisite to introduce any eco-modulation of EPR fees we call on European policymakers to ensure that EPR fees are calculated on the basis of technically **relevant, evidence-based**, measurable and comparable parameters, which need to be consistent with internationally recognised labels, certification schemes and standards, including testing standards. Ensuring that EPR fees are set and used transparently.

Additionally, we recommend working jointly to develop a thorough impact assessment of eco-modulation of EPR fees prior to determine its scope in order to avoid adverse impacts on the EPR system, taking into account the importance of:

- Having **harmonised definitions** (e.g., what is durability, what is recyclability, how to calculate recycled content) in order to ensure that the right incentives are set, and that progress can be adequately measured and reported.
- Agreeing on a **common, evidence-based methodology** to set the eco-modulation criteria. These criteria should be aligned with the Sustainable Product Initiative and the Product Environmental Footprint (PEF) methodology.
- Selecting eco-modulation criteria that can be **most effectively applied in a workable way** for all stakeholders, that are clear and relevant, that can be assessed and verified in a straightforward, independent manner and that minimise administrative burden.
- Choosing to **focus** on those textile products or categories of textile products that have the higher impact on the environment and where eco-modulation of EPR fees can most effectively drive circularity.

The proposed impact assessment should take into consideration and evaluate, for example, the three potential criteria below for the eco-modulation of EPR fees for textiles:

- **Durability**, defined for the purposes of this position paper as “the ability of a product to remain functional and relevant when faced with the challenges of its intended operation. It often applies to the physical attributes of a product (its ability to resist damage and wear), although for some products durability can be technological (for example the ability of software to be upgraded many times), and in others it can be emotional (for example, the ability of certain clothes to stay relevant and desirable)” (Ellen MacArthur Foundation).
- **(Re-)cyclability**, defined for the purposes of this position paper as “the ability of a product, on becoming a waste, to be reprocessed by registered or permitted facilities into products, materials or substances, compliant with product laws including chemical regulations, whether for the original or other purposes, with a carbon footprint lower than equivalent primary material production.”
- **Recycled content**, defined for the purposes of this position paper as “materials (fibres, yarns, fabrics) that are the products of recycling wastes, and that are suitable for the production of new products, such as garments, instead of or alongside virgin raw materials”. Also, the incorporation of low-impact materials could be assessed.

The results of the abovementioned impact assessment should inform the decision about which eco-modulation criteria to use.

5. BUILDING THE RIGHT FOUNDATIONS FOR SETTING EPR, DISCUSSING TARGETS AND ENSURING TRACEABILITY

We consider that an adequately and proportionately set of EPR targets can be an effective way to accelerate the shift towards a circular textile value chain. Nonetheless, it is essential to work jointly to **close some existing gaps** and gather all relevant information to feed into the discussion on EPR targets with **a basis of solid data**, securing at a minimum:

- A set of **common targets** for collection, preparing for re-use and recycling of used textiles at European level in order to avoid market distortions.
 - An **adequate infrastructure** to absorb the expected increase in the amount of collected textiles and to ensure that all collected volumes can be properly sorted and reused or recycled. Significant investments will be needed to have this infrastructure in place before the EPR systems (or other collection systems) come into force before 2025, and we call on European policymakers to ensure that the EU contributes financially to develop this infrastructure.
 - A stable market for products, materials or substances from recycling in order to ensure proper investments in development and innovation within the recycling industry.
 - Relevant and **high-quality data** across Europe, e.g., regarding volumes, material compositions – inputs and outputs-, cost structure and market dynamics.
- **Common requirements** on how to **allocate** targets, which stakeholders are responsible and to which extent, how to **measure** progress and, wherever needed, how to **review** targets.
 - A **traceability system** ensuring transparency at the end-of-life of products. The traceability system must be fully applicable also for imported and online sold products. The EPR should ensure that a reporting system is in place to gather, at least: a) data on the products placed on the market of each Member State by the producers of products, when they are made available to users, where and by whom. Only in this way will it be possible to estimate the amount of products that may become waste, distribute the obligations of their management and financing among the relevant agents involved and identify the Member States where they must comply with this obligation; b) data on the collection and treatment of waste resulting from those products specifying each step of the management (collection, sorting, recycling, recovery and landfill) and relevant actors involved. After the end of life of the products, effective compliance with the waste hierarchy principle will only be possible if traceability is maintained throughout the life of the waste and of the secondary raw material resulting from its recycling. **We consider that the need for a robust, extensive centralised traceability system must be compatible with a model that avoids unnecessary costs or excessive bureaucratization. In line with this, we propose a traceability system based on the following general principles:**
 - Simple system that avoids unnecessary loads.
 - Centralised system at EU level or interoperability of national systems if systems are chosen at the level of each Member State.
 - Guidelines or minimum requirements established in a harmonised way at the EU level to ensure that the information is reliable, sufficient and comparable.
 - Measures for verifying the information provided by private agents.
 - Alignment and coordination with the requirements of the product passport or other measures that can be promoted through the different European legislative initiatives underway.
 - Avoid national regulations that generate distortions or non-comparable information or impose unnecessary burdens.

When setting EPR targets, we recommend focusing on:

- Aiming at **realistic yet ambitious collection targets** for Member States based on their current situation and performance, acknowledging that collection targets will only become reachable once the infrastructure is in place to absorb the expected volumes.
- Reflecting consistency with the EU waste hierarchy **through prioritising prevention, re-use and then recycling**, as well as aiming at effectively and significantly minimising incineration and landfill of textile waste.
- Acknowledging the need to factor in the contribution of **all actors** and **all collection pathways** (e.g., private textile collectors, charities, municipalities, in-store and online collection systems) towards reaching targets.

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**ABOUT:****THE POLICY HUB – CIRCULARITY FOR APPAREL & FOOTWEAR**

The Policy Hub unites the apparel and footwear industry to speak in one voice and propose policies that accelerate circular practices. Launched in 2019, the Policy Hub has five partner organisations: Sustainable Apparel Coalition (SAC), Global Fashion Agenda (GFA), Federation of the European Sporting Goods Industry (FESI), Textiles Exchange (TE), and Zero Discharge of Hazardous Chemicals (ZDHC). In total, these organisations represent more than 500 apparel & footwear stakeholders including brands, retailers, manufacturers, and NGOs.

BIR – BUREAU OF INTERNATIONAL RECYCLING

Founded in 1948, BIR was the first federation to support the interests of the recycling industry on an international scale. Today, BIR represents directly or indirectly more than 30.000 companies in more than 70 countries, with over 700 direct member companies from the private sector and 37 national associations. Together, these members form the largest international recycling federation. BIR comprises four Commodity Divisions : Iron & Steel, Non-Ferrous Metals, Paper and Textiles, and has four Commodity Committees dealing with Stainless Steel & Special Alloys, Plastics, Tyres & Rubber, and E-Scrap.

CIRCLE ECONOMY

Circle Economy is an impact organisation, founded to create prosperity for all within the limits of our planet. We combine data, tools and digital knowledge for the greater good. With nature as our mentor, we support businesses, cities & nations to accelerate circularity with practical roadmaps for change. We are an international team of passionate experts, based in Amsterdam.

FEAD- EUROPEAN WASTE MANAGEMENT ASSOCIATION

FEAD represents the private waste management and resource industry across Europe. Its members are national waste management associations covering 20 EU and EFTA countries. They represent about 3,000 companies with activities in all forms of waste management. Its companies have an approximate 60% share in the household waste market and handle more than 75% of industrial and commercial waste in Europe. Their combined annual turnover is approximately € 75 billion.