

# RREUSE's policy recommendations on Extended Producer Responsibility schemes

Position paper

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Picture: De Kringwinkel



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As the relentless increase in production volumes continues to drive a massive influx of products onto the EU market each day, the European Commission's Clean Industrial Deal and Circular Economy Act mark an opportunity to transform the EU into a truly circular economy, introduce improved waste management rules and set ambitious waste prevention and reduction objectives.

Waste prevention and preparing for reuse-focused measures can significantly boost EU competitiveness and strategic autonomy by reducing dependency on imported raw materials and addressing the economic, environmental and societal impacts of overproduction, which include the expansion of waste streams and immense pressure on reuse and recycling systems. Focusing on the upper level of the waste hierarchy will also foster local jobs, social inclusion and innovation in circular business models.

From the perspective of Europe's largest network of social enterprises active in reuse, repair and recycling, the commitment to "simplify, digitalise, and expand extended producer responsibility (EPR) in a targeted manner" is a crucial aspect of the announced measures.

As circular economy pioneers, social enterprises bring decades of hands-on experience in managing diverse waste streams and engaging with EPR schemes where they have been established. This wealth of experience uniquely positions RREUSE's members to identify both: the strengths and weaknesses of the existing EPR frameworks. Leveraging this expertise, we present a set of recommendations for future policymaking on EPR that are detailed below.

## Policy recommendations

### 1. Ensure EPR fees finance waste prevention and management

- **Provide full cost-coverage of social enterprises' activities in waste recovery**

Waste management involves costly operations, which are further exacerbated by rising operational costs. In alignment with the revised Waste Framework Directive (WFD) and its specific provisions for the EPR in the textile sector, all waste management costs in any waste stream – including collection, transport, sorting,

### Social enterprises, key actors in the EU's competitiveness

Social enterprises are crucial in promoting the reuse of essential goods, including those that require critical raw materials. This is vital for the EU's competitiveness and strategic autonomy. Moreover, they provide employment and training opportunities to individuals at risk of social exclusion. Thereby, they foster the development of skills that are essential for the EU's green transition, such as waste sorting, repair and preparing for reuse. However, their focus on the higher levels of the EU's waste hierarchy, which are more labour-intensive, alongside their prioritisation of positive social impacts, results in higher upfront costs and necessitates adequate coverage through EPR fees.



preparing for reuse, training, and residual waste disposal of sorting leftovers – should be fully covered by the EPR fees. This comprehensive coverage is crucial for ensuring the viability of circular business models.

- **Ensure the “necessary cost” concept is not detrimental to social enterprises**

The “necessary cost” concept limits the EPR fees to the minimum required to meet the targets and objectives of the WFD. As a result, the EPR fees remain low and are nearly completely focused on recycling. This constrains the EPR’s potential to drive circularity and puts social enterprises at a disadvantage as their pursuit of cost-effectiveness is in the service of conducting environmentally sustainable and socially inclusive business. One aspect of this is prioritising local preparing for reuse, known to be the most environmentally sustainable manner of waste recovery, as well as more labour-intensive than the lower levels of the waste hierarchy. Another key feature of social enterprises is providing employment opportunities to individuals who face barriers in the labour market. This creates much-needed jobs, with positive social and environmental impacts, but it can also mean higher operational costs due to the support processes and adaptations required in the workplace. In some cases – depending on national policies – these costs are covered by state funding. Whether or not they are, future policy measures should account for this reality and ensure that the “necessary cost” concept does not prejudice Producer Responsibility Organisations (PROs) against cooperating with social enterprises.

- **Earmark funding for social enterprises**

To account for the social and environmental benefits generated by social enterprises and the higher upfront costs they face, a portion of EPR funding should be earmarked for these organisations, in addition to the general cost-coverage of preparing for reuse activities. For instance, the “Fonds de Réemploi Social et Solidaire” in France allocates 5% of the EPR fee to create 70,000 jobs for disadvantaged individuals by 2030.<sup>1</sup> A similar model, with improvements, should be introduced across the EU.

## 2. Prioritise the upper levels of the waste hierarchy through EPR schemes

- **Align EPR funding with the waste hierarchy**

Currently, the upper levels of the waste hierarchy – prevention, reuse, and preparing for reuse – often receive significantly less (if any) funding from the EPR schemes compared to recycling. For example, a 2024 information report evaluating the impact of the French Circular Economy Law (‘loi AGEC’) highlights that *“the resources deployed over the last three years to implement the AGEC law have focused on recycling as a priority”*.<sup>2</sup> This disparity exists because producers prioritise recycling over reuse since their primary economic interest is not to extend the life cycle of existing goods but to keep selling new items. This represents a major missed opportunity as the upper stages of the waste hierarchy have a better job creation potential and yield better environmental, social, and economic outcomes than recycling. Moreover, the labour involved in transforming waste into reusable products translates to significant costs. To address this, EPR funding should prioritise waste prevention and reuse over recycling. By following the proximity principle, this approach can boost local jobs and economic growth.

1 French Ministry of Economy, Finances, and Industrial and Digital Sovereignty (accessed on 6 June 2025) The reuse funds intirely dedicated to social solidarity economy (Available [here](#)).

2 French National Assembly (2024) Information report on the assessment of the impact of Law 2020-105 of 10 February 2020 on the fight against waste and the circular economy (‘AGEC law’) Véronique Riotton and Stéphane Delautrette (Available [here](#))



- **Set differentiated quantitative targets**

Targets can play a crucial role in waste prevention and management objectives. Quantitative (preparing for) reuse targets can stimulate investment and cooperation between different stakeholders. One of the reasons for the current prioritisation of recycling over (preparing for) reuse is that reuse and recycling targets, when they exist, tend to be set as a combined target. Therefore, to truly promote a circular economy, preparing for reuse and reuse targets should be set separately from recycling targets. Additionally, local reuse targets should be specifically set following the proximity principle. Several examples of such targets already exist at the national and regional levels, providing a crucial driver for investments and cooperation in circular value chains.

- **EPR to finance reuse prioritisation**

In addition to setting quantitative targets, financial instruments should be deployed to guarantee that preparing for reuse is genuinely prioritised over recycling. Currently, preparing for reuse activities cannot be fully funded by sales revenues alone, largely due to competition from inexpensive, often low-quality, new products with unnecessary surplus critical raw material consumption and negative environmental costs. Instruments to stimulate reuse prioritisation include repair bonuses. Following the French example, these should be financed by the EPR schemes.

### 3. Recognise social enterprises as key partners in EPR schemes

- **Ensure social enterprises' access to quality goods and waste streams**

Social enterprises depend on quality donations and collected materials, making access to waste streams crucial. However, when EPR schemes are implemented, other actors will be incentivised to compete with social enterprises without delivering the same social, economic and environmental benefits. Since social enterprises are the only stakeholders that prioritise local reuse, unabated competition would undermine the waste hierarchy. More broadly, the establishment of EPR schemes may lead to producers creating their own collection systems – where reuse will not be a priority – and competing with the existing ones developed by social economy enterprises for reusable products. To mitigate this risk, direct donations should remain an option and be restricted to social enterprises. Additionally, following the revised WFD,<sup>3</sup> social enterprises should be granted equal or preferential treatment in the location of their collection points for all relevant waste streams.

- **Maintain social enterprises' ownership of collected goods**

The revised WFD includes a provision allowing social enterprises to retain ownership of collected textiles without handing them over to PROs.<sup>4</sup> This provision should be extended to all waste streams covered by the EPR schemes. Maintaining ownership of collected materials is crucial for the viability of the social

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<sup>3</sup> Article 22c, paragraph 8 of the Directive (EU) 2023/0234 of the European Parliament and of the Council of 15 April 2025, amending Directive 2008/98/EC on waste (Available [here](#)): “Member States shall ensure that social economy entities are allowed to maintain and operate their own separate collection points and that they are given equal or preferential treatment in the location of the separate collection points.”

<sup>4</sup> Article 22c, paragraph 8 of the Directive (EU) 2023/0234 of the European Parliament and of the Council of 15 April 2025, amending Directive 2008/98/EC on waste (Available [here](#)): “Member States shall ensure that social economy entities that are part of the collection system [...] are not required to hand over collected used and waste textile [...] to the producer responsibility organisation”.



enterprises' business model

- **Guarantee strong collaboration with PROs**

A key issue with the existing EPR schemes that social enterprises experience is the difficulty in collaborating with the PROs. The revised WFD stipulates that a textile PRO cannot refuse the participation of social enterprises in the EPR systems.<sup>5</sup> This should apply across all EPR schemes, regardless of the waste stream, to foster inclusive, collaborative and effective waste management practices.

- **Digitalise, but not at the expense of stakeholders**

The European Commission's Clean Industrial Deal signals an ambition to digitalise the EPR schemes. While we acknowledge that digitalisation can significantly enhance the management and monitoring of the EPR schemes, any additional costs arising from this digitalisation must be covered by the EPR fees, particularly for social enterprises. In addition, any digital systems should be made accessible and manageable for social enterprises, for example, through training programs and/or dedicated funding to help them engage effectively in these processes

#### 4. Develop inclusive PRO structures

- **Foster inclusive decision-making**

Meaningfully involving all actors in the circular value chain – including social enterprises and municipalities – is essential for effective resource management. Experience with existing EPR schemes demonstrates<sup>6</sup> that fair and transparent governance and responsibilities of the EPR schemes are needed to prevent monopolistic behaviour, improve environmental outcomes, and ensure effective separate collection and treatment of waste, ultimately increasing reuse rates. To achieve this, social enterprises and municipalities should be guaranteed a decision-making authority, including veto power, in the design, functioning, and governance of the EPR schemes.

- **Prevent a race to the bottom**

When multiple national PROs exist, competition to attract the highest number of producers can adversely affect the financial coverage of EPR schemes. This competitive dynamic can distort economic incentives and compromise EPR schemes' objective to promote more sustainable products. To prevent a "race to the bottom" that drives down EPR fees, minimum requirements must be established. For instance, in cases where multiple PROs operate in a single Member State, national public authorities should be obligated to establish an independent monitoring body to maintain the integrity and effectiveness of the EPR schemes. This body would ensure that all PROs comply with minimum standards, including covering the full range of costs associated with waste management and recovery. Additionally, eco-modulation rules should be

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<sup>5</sup> Article 22c, paragraph 7 of the Directive (EU) 2023/0234 of the European Parliament and of the Council of 15 April 2025, amending Directive 2008/98/EC on waste (Available [here](#)): "Member States shall ensure that producer responsibility organisations are not allowed to refuse the participation of local public authorities as well as of social economy entities and other re-use operators in the separate collection system".

<sup>6</sup> For instance, the 2024 report on the French Circular Economy Law ('loi AGECE') notes "governance [composed exclusively of textiles producers] is sometimes seen as counter-productive to the effectiveness of EPR schemes, particularly in terms of waste prevention." *Assemblée Nationale (2024) Information report on the assessment of the impact of Law 2020-105 of 10 February 2020 on the fight against waste and the circular economy ('AGECE law')* Véronique Riotton and Stéphane Delautrette (Available [here](#)).



harmonised between all PROs active in the same country. The modulated fee should be managed by a clearing body under public control.

- **Ensure producer responsibility across borders**

In line with the polluter-pays principle, producers must assume financial responsibility for the entire lifecycle of their products. This must include waste management costs in the final destination country. To ensure that EPR fees reach their intended destination, the EU should appoint an EU-wide clearing body. This body would be responsible for compensating waste management costs in countries, both EU Member States and beyond, where the volume of imported second-hand goods exceeds that of new products placed on the market.

## 5. Introduce ambitious eco-modulation rules

- **Set cost-covering fees, separated from eco-modulated fees**

To ensure efficient cost-coverage of waste management, there should be a clear separation between the EPR fee covering waste management costs and the eco-modulation instrument. The latter should act as a financial (dis)incentive and be excluded from the cost-coverage calculation. Previous experience in France demonstrated that directly tying eco-modulation to the EPR fees was ineffective. Thus, the new agreement introduced a distinction between these two aspects and established a system of “bonuses” and “penalties” for producers based on different circularity criteria.

- **Eco-modulate fees beyond eco-design**

Eco-modulation has been rather ineffective in driving eco-design so far, largely due to its low financial impact on producers. To truly drive positive change, EPR fees’ eco-modulation should be high enough to actually disincentivise environmentally destructive practices. It should account for products’ environmental performance and producers’ commercial practices. Crucially, to tackle wasteful production and consumption patterns, a volume criterion should be introduced to progressively increase the fee according to the number of new products annually placed on the market by individual producers.<sup>7</sup>

- **Types of costs to be covered by the modulated fee**

The waste management costs should be covered by EPR schemes by default, but that will not be enough to create a truly circular economy. The modulated fee could be used to fund research and development, and measures supporting prevention strategies and circular business models. One critical missing piece in EPR that should be addressed with the modulated fee is financial mechanisms to support reuse and repair, such as the French repair bonus that is financed by the EPR scheme.

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<sup>7</sup> Article 22c, paragraph 3a of the Directive (EU) 2023/0234 of the European Parliament and of the Council of 15 April 2025, amending Directive 2008/98/EC on waste (Available [here](#)): “Member States may require the producer responsibility organisations to modulate the financial contribution based on producers’ practices concerning textile, textile-related and footwear products listed in Annex IVc, based on the product life span resulting from such practices, the length of the useful life of the mentioned products beyond the first user, and the contribution to close the loop of the mentioned products, by turning waste textiles into raw materials for new production chains.”



## 6. Empower citizens in the circular economy

- **Raise awareness on reuse opportunities**

Consumers' behaviour, including product maintenance and donation practices, strongly impacts the reusability of the goods they no longer need. EPR should fund awareness-raising activities to clearly communicate to citizens how and where they can donate used goods to social enterprises and to explain the social and environmental benefits of such donations. For example, EPR fees in Austria partially cover the staff costs of municipal waste advisors who actively promote waste prevention and more sustainable lifestyles. This naturally includes awareness raising on the relevance of social enterprises' activities and locations.

- **Introduce visible fees**

EPR fees should be clearly communicated to consumers to raise awareness about the costs associated with waste management and the environmental impact of their purchasing decisions. Such transparency can encourage more sustainable consumption habits.

## 7. Expand and complement EPR schemes

- **New mandatory EPR schemes for furniture and mattresses**

Given the announced intention to expand mandatory EPR schemes to additional waste streams, we propose that furniture and mattresses be prioritised, as they already have been under the EU's new Ecodesign Working Plan. Furniture presents a strong opportunity for impact, with high potential for reuse and significant scope for eco-modulation. Should EPR for furniture become mandatory, it must be paired with binding obligations for PROs to implement collection and sorting practices that prioritise reuse over recycling. Whereas mattresses are a challenging waste stream to manage due to their size and complex material composition, they are also a waste stream with immense untapped potential. Up to 30 million are discarded annually in the EU, mostly landfilled or incinerated, despite 85% of their mass being recyclable<sup>8</sup> and despite the existence of interesting examples (including within the RREUSE network) of extending the mattresses' lifecycle. EPR schemes, with clear minimum standards, are needed to address this lack of circularity.

- **Complementary measures**

Existing experience with EPR schemes shows that this tool is not sufficient on its own to drive circularity. It must be complemented by a broader policy mix, including taxation to discourage harmful production practices, zero VAT for products reused or repaired by social enterprises, mandatory green and social public procurement, and robust ecodesign requirements. Together, these measures can create the enabling environment needed to support the transition to a circular economy across the EU.

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<sup>8</sup> EPR Club (2021) EPR for mattresses (Available [here](#)).



## Conclusion

This position paper puts forward recommendations to strengthen the effectiveness of EPR schemes by aligning them more closely with the waste hierarchy, ensuring full cost-coverage for social enterprises, and fostering inclusive, multi-stakeholder governance. Prioritising waste prevention and reuse in EPR funding, setting ambitious targets, and facilitating stronger collaboration between PROs and social enterprises are essential steps toward building a truly competitive and circular economy.

RREUSE is Europe's largest network of social enterprises active in the circular economy, with a focus on reuse, repair and recycling. RREUSE has 34 member organisations spread across 22 countries, including 18 EU Member States.

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