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## H&M Group Remissvar till EU-kommissionens förslag på revidering av Avfallsdirektivet (2008/98/EG)

### Introduktion och sammanfattning

Förslaget till revidering av direktivet om avfallshantering (Waste Framework Directive, WFD) syftar till att etablera en EU-gemensam ram för utökat producentansvar (Extended Producer Responsibility, EPR) för textilier och skor i alla medlemsländer. Det är viktigt att detta initiativ främjar ett gemensamt åtagande för principer för en cirkulär ekonomi och förhindrar eventuella störningar på den inre marknaden. För att uppnå dessa mål behöver dock harmoniseringen och kompatibiliteten till viss del förbättras i förslaget.

Under årtionden har textilindustrin arbetat utifrån en linjär modell. På H&M-gruppen arbetar vi aktivt för att möjliggöra en övergång till ett mer cirkulärt system som använder resurser på ett ansvarsfullt sätt. Det är fortfarande en lång väg att gå – för hela branschen – och vi är fullt medvetna om behovet av förändring på systemnivå. Därför välkomnar H&M-gruppen detta förslag. Om det genomförs på ett effektivt sätt kan det bli en viktig drivkraft för en förbättrad hantering av textilavfall och en cirkulär ekonomi kan främja framväxten av en cirkulär ekonomi för textilindustrin.

### Övergripande rekommendationer:

1. Etablera en harmoniserad EPR-ordning för textilier på EU-nivå och ge medlemsländerna omfattande riktlinjer för att införa egna EPR-ordningar.
2. Se till att det finns samstämmighet med annan EU-lagstiftning, inklusive förordningen om hållbara produkter inom ekodesign (Ecodesign Sustainable Products Regulation, ESPR), Förordningen om transport av avfall samt avseende kriterier för när avfall slutar vara avfall, för att säkerställa regleringar som är enhetliga och konsekventa.

Tabellen nedan lyfter huvudområden för förbättringar för att stärka och förtydliga förslaget, dessa beskrivs närmare i dokumentet.

Area of improvement	Recommendations
Harmonisering av omfattningen för EPR-ordningen	<ul style="list-style-type: none"><li>• Tydlig definition av 'obligated producer',</li><li>• Tydlig och transparent fördelning av ansvar mellan alla relevanta aktörer,</li><li>• Etablering av en enhetlig avgiftsstruktur för EPR-ordningen, tillsammans med harmonisering av kriterier för ekomodulation,</li><li>• Införande av robusta och standardiserade rapporteringskrav för företag, tillsammans med skapandet av ett harmoniserat producentregister.</li></ul>
Rollen för producentansvarsorganisationer (PRO) Organisations (PROs)	<ul style="list-style-type: none"><li>• Definition av PRO:ers roll och styrning</li><li>• Etablering av en EU PRO-konsortium för att dela kunskap och expertis mellan medlemsländer.</li></ul>

## Executive summary

The proposed revision of the Waste Framework Directive (WFD) aims to establish a unified Extended Producer Responsibility (EPR) framework for textiles and footwear across all Member States. This initiative should foster a shared commitment to circular economy principles and prevent any disruptions to the Single Market. To achieve these objectives, it is necessary to enhance harmonisation and interoperability.

For decades our industry has operated in a linear way. At H&M Group we are committed to shifting to a circular system that uses resources responsibly. There is still a long way to go – for the entire industry – and we recognise the need for change at a system level. Therefore, H&M Group welcomes this proposal. If implemented effectively, we believe it presents a substantial opportunity to act as a driver for efficient management of textile waste and the advancement of economies of scale thus contributing to the creation of a circular economy for the textiles industry.

### *Key recommendations*

1. Establish harmonised EPR scheme for textiles at the European Union level and provide Member States with comprehensive guidance for implementing EPR schemes.
2. Ensure alignment with other EU legislation, including the Ecodesign Sustainable Products Regulation (ESPR), Waste Shipment Regulation and End-of-waste criteria, to ensure regulatory coherence and consistency.

The table below highlights key areas of improvement to strengthen the proposal, which are elaborated upon in the document.

*Table 1: Areas of improvement*

Area of improvement	Recommendations
Harmonisation of scope of the EPR scheme	<ul style="list-style-type: none"><li>• Clear definition of ‘obligated producer’</li><li>• Well-defined and transparent allocation of responsibilities among all relevant stakeholders</li><li>• Establishment of a uniform fee structure for the EPR scheme, along with harmonisation of ecomodulation criteria</li><li>• Implementation of robust and standardised reporting requirements for companies, accompanied by the creation of a harmonised producer register</li></ul>
The Role of Producer Responsibility Organisations (PROs)	<ul style="list-style-type: none"><li>• Definition of the role and governance of Producer Responsibility Organisations (PROs)</li><li>• Establishment of an EU PRO consortium to share knowledge and expertise</li></ul>

## Introduction

The European Commission proposed the Waste Framework Directive (WFD) as part of the Circular Economy Action Plan (CEAP). The proposal aims to harmonise requirements throughout the EU regarding the Extended Producer Responsibility (EPR) scope, definitions, waste hierarchy operationalisation and burden sharing to ensure the functioning of the Single Market.

H&M Group acknowledges that a targeted revision of the WFD can have a positive impact on the reduction of waste generation while keeping products in use longer and facilitating the availability of secondary raw materials. However, to ensure effective implementation of this directive, H&M Group recommends the EU policymakers to consider the following suggestions to ensure that the proposed EPR scheme will truly incentivise sustainable design choices and build the necessary infrastructure for waste management of textiles to achieve high rates of collection, sorting, re-use and textile-to-textile recycling in all the Member States.

Furthermore, the opportunities and challenges linked to the implementation of an EPR scheme for textiles were investigated by the industry with support of Eunomia consultancy. The Eunomia EPR report<sup>1</sup> puts forward policy recommendations on the implementation of the EU harmonised EPR scheme for textiles.

## Harmonisation of scope of EPR scheme

The textile industry experiences various challenges with complying to different EPR requirements in different EU Member States. Therefore, to advance the adoption of common circular economy principles across the whole EU and to avoid distorting the Single Market, **H&M Group strongly supports harmonised EPR for textiles and footwear at the EU level.**

### Obligated Producer

The current proposal lacks clarity regarding the obliged producer responsible for paying the EPR fees. This uncertainty can lead to interpretation discrepancies and practices that avoid responsibility. We urge for a clear definition of the 'Obligated producer' and **recommend setting the obligation with the final point of sale to the consumer, as recommended in the Eunomia report.**

The obligation to participate in the EPR scheme and to assist in constructing the infrastructure for textile waste management should be shared among all commercial actors. As outlined in the explanatory memorandum of the WFD revision, it is noteworthy that microenterprises account for 88% of all business within the textile sector. The current exemption of the microenterprises puts at risk the polluter pays principle, as all companies should contribute to the share they pollute. Moreover, exempting the majority share of the market, conformed these businesses, would also raise concerns about ensuring the application of equal treatment of producers (Art. 8 of the WFD). Therefore, we **recommend conducting a study on microenterprises contribution to waste generation and revising the exemption based on the finding.** Other alternative could be to exempt the microenterprises when they sell below 5000 units per year.

### Cost coverage of activities under the EPR scheme

As suggested by Eunomia, the EPR fees should account for costs of disposal of waste, to reduce the burden cost on municipalities and citizens, in line with the polluter pays principle. Thus, H&M Group recommends that EPR fees should focus on expenses associated with textile waste management costs, such as collection, sorting, transport preparation for reuse or preparation for recycling<sup>2</sup> hence focused on funding the CAPEX of recycling facilities rather than their OPEX. **Thus, the operation of recycling should be excluded from the EPR fee. Furthermore, we propose that the EPR fee and its allocation should be standardised at the EU level, providing Member States with a clear breakdown of how funds will be allocated for consumer information, campaigns research,**

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<sup>1</sup> EPR Eunomia Report, 1 June 2023 - <https://www.eunomia.co.uk/reports-tools/textiles-epr/>

<sup>2</sup> *Preparation for recycling* (EPR, Eunomia Report) - 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.

R&D and educational materials. It's essential to acknowledge that the portion of the fee designated for Research & Development (R&D) in new waste management technologies, such as automated sorting and textile-to-textile recycling, might fall short. Therefore, it is of significance to consider investment in Horizon projects for the advancement of these technologies. This ensures the sustainable development and innovation needed to tackle textile waste effectively.

### **Reporting requirements**

To promote a unified and efficient approach across the Single Market, stronger emphasis should be placed on the harmonisation of reporting rules for companies. There is a need to develop comprehensive guidelines for textile producers to report to the Producer Responsibility Organisations under the EPR schemes for textiles. **Implementation of harmonised guidelines would ensure harmonisation, encompassing aspects such as reporting timing, frequency and operationalisation.** Moreover, it would help save costs, streamline the process and motivate participation. Moreover, we suggest that it should be mandatory for the Member States and PROs to identify textile products in scope via the CN codes (as already implemented in Annex IVc).

### **Eco-modulation of fees**

The Commission's objective to align the eco-modulation of EPR fees with ESPR is a positive point. However, it is not clear how the alignment of eco-modulation of EPR fees would be done to ensure harmonisation, therefore we advocate for a **common EU fee structure for EPR schemes and clear criteria on how to modulate fees across the EU.** Modulation of fee should be applied uniformly, consistently and easily across the EU Member States. This could be done through implementing act laying fee modulation criteria.

### **One single registration for producers**

Many producers of textile operate in more than one EU country. Therefore, it is crucial that company **should be able to manage producer responsibility across all EU countries by registering only once in a single system.** Producers could register in one Member State and manage their registration obligations in all the Member State. Through a clearing system between Member States, each Member State would settle producer responsibility fees based on where the waste was generated.

## **Governance of EPR schemes**

### **The Role of Producer Responsibility Organisations (PROs)**

H&M Group supports the suggested approach of the European Commission to have multiple PROs within a Member State. To establish a well-functioning scheme, it is important to keep the market open and competitive. H&M Group would like to see **clear governance rules from the EU** to ensure that all the PROs meet similarly high standards in terms of quality and operations but also costs and deadlines. We would also like to **propose an EU independent monitoring consortium** which would serve for information sharing and continuous improvement. This body should ensure a yearly exchange of best practices between the Member States. It could also outline EU KPIs and targets to accomplish in the next year. The monitoring body should be independent, science-based and with deep knowledge of textile industry and waste management. The regular exchanges should result in operational improvements.

## **Conclusion**

This paper outlines H&M Group's initial recommendations to facilitate the effective execution of the revised Waste Framework Directive. We are eager to collaborate and engage with policymakers to ensure the harmonisation of the Extended Producer Responsibility scheme and establish an efficient framework for textile waste management.