

MODEL Service Agreement Implementation Textile Management 2025

(DVO-UT-2025)

Between

Stichting UPV Textiel

and

**Service Provider for the reuse and recycling of discarded Dutch
textiles**

15 January 2025

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Chapter 1: Considerations

The undersigned:

Stichting producer organisation UPV Textiel, to be referred to as "Foundation",

and

Service provider for the reuse and recycling of discarded Dutch textiles, to be referred to as "Service Provider"

jointly referred to as "Undersigned".

Whereas:

1. The Foundation has designed a Textile Management Structure for the collective fulfilment of statutory obligations from 2025 onwards and has held consultations concerning the organisation of the implementation, with the chain parties who play a role in the implementation (see **Outline Agreement**);
2. An exploration of the financing of the implementation has been carried out with the chain parties and, based on the insights, a fee structure for 2025 has been agreed and a model Service Agreement has been worked out;
3. Service providers that meet the conditions of this Service Agreement, including annexes, are eligible for a fee in 2025 from the Foundation;
4. This model of this Service Agreement 2025 has been agreed (see **note**) throughout 2025 with the chain parties.

Agree as follows:

Chapter 2: Structure of the Service Agreement

Article 1. Relationship to the Foundation's legal obligations

1. This Service Agreement Implementation Textile Management 2025 (to be referred to as "DVO-UT-2025") is a model to be applied for 2025 and, in combination with the signature sheet, sets out the mutual rights and obligations of the Foundation and the Service Provider in anticipation of the Service Agreement Implementation Textile Management 2026 to 2029 (to be referred to as "DVO-UT").
2. The DVO-UT-2025 focuses on the activities of the Service Provider that are necessary for the realisation of the Foundation's performance for the implementation of its collective notification to implement the EPR Textiles Decree [*Besluit UPV Textiel*] and the EPR Regulation Decree [*Besluit Regeling UPV*]¹.
3. Definitions are set out in **Annex 1**.

Article 2. Suspensive condition

1. This DVO-UT-2025 shall not enter into force until the Foundation has established that a Service Provider has provided the data as required at the Foundation's request and the Foundation has notified the Service Provider of such registration.
2. The Service Provider shall include, to be indicated on the signature sheet, all activities related to the chain of textiles collected in the Netherlands for its organisation in this DVO-UT-2025, unless specific agreements have been made about this or this is not possible as indicated by the Foundation's.
3. This DVO-UT-2025 is deemed to take effect on, or retroactively to 1 January 2025 with respect to the weight that Service Provider indicates on the signature on the basis of a substantiated estimate verified by the Foundation, unless a later effective date of the agreement has been agreed with the Service Provider concerned.

Article 3. Rights and obligations

1. The Service Provider hereby declares:
 - a. to assist the Foundation in setting up and implementing the Textile Administration Structure,
 - b. to fulfil all obligations as stipulated in this DVO-UT-2025, including timely submission of the data specified in the Monitoring Protocol [*Monitoringprotocol*] and the Manual Textile Administration Service Providers [*Handleiding Textieladministratie Dienstverleners*], to cooperate in the cost price survey and to cooperate in checks or data verifications,
 - c. to have indicated on the signature sheet as accurately as possible whether and on behalf of which other companies or forms of cooperation this agreement has been entered into, the role of these companies in the textile chain and the scope of services in 2025, within the scope of the EPR Textiles Decree.
2. The Service Provider and the Foundation each mutually undertake to cooperate in maintaining the Textile Management Structure during the term of the DVO-UT-2025.
3. The Service Provider declares to have truthfully filled in all details and to agree with the annexes to this DVO-UT-2025.

¹ Decree on Extended Producer Responsibility for Textiles [*Besluit uitgebreide producentenverantwoordelijkheid textiel*], Official Gazette [*Staatsblad*] 132, 14 April 2023 and Decree on Regulations on Extended Producer Responsibility [*Besluit regeling uitgebreide producentenverantwoordelijkheid*] Official Gazette 2020, 375, 18 September 2020.

Article 4. Amendments to the DVO-UT-2025

1. Bearing in mind that the DVO-UT-2025 is the first agreement for the implementation of textile management, the Foundation will include, as much as possible, changes for or additions to the implementation of its legal obligations as a result of changes in legislation or regulations, policy or implementation requirements in further implementation rules and will inform or consult the Service Providers and the chain parties involved and other parties involved, about this in the Textile Chain Consultation that was set up for this purpose within the framework of Governance.
2. Should, nevertheless, amendment of this DVO-UT-2025 be necessary with regard to an individual Service Provider, the Foundation will contact this Service Provider in order to achieve a result that matches the intentions and interests of those involved as much as possible.

Article 5. Stichting UPV Textiel and Implementing Organisation

Service Provider hereby agrees that the Foundation may assign its rights and obligations under this DVO-UT-2025 to an implementing organisation to be set up, that it may assign (transfer) claims and/or engage the implementing organisation to perform all acts necessary for the fulfilment of the obligations of the Foundation and may authorise the implementing organisation to act - in and/or out of court - for this purpose.

Chapter 3 Fees

Article 6. Right to a fee

1. Service Provider shall be entitled to a fee for the services provided in 2025, as described in **Annex 1**, if all the conditions of this DVO-UT-2025 are met.
2. The Foundation will pay, within one month after signing, a 10% advance based on an estimate of the weight of textiles per activity on an annual basis, approved by the Foundation. The Foundation will offset this advance against the fee for the third quarter.
3. The Foundation shall pay a fee to an Approved Service Provider on a quarterly basis within one month after the report for this quarter has been received by the Foundation and has been approved for payment by the Foundation.
4. In case approval is withheld, the Foundation shall notify the Service Provider, stating the reasons. This statement may include a request for rectification or the taking of measures, whereby the Foundation may suspend payment of the fee or recover any advance paid.
5. If at the time of payment a provisional recognition is still in place, the Foundation shall notify the Service Provider accordingly, whereby the Foundation may suspend a payment or recover (an advance) in cases as described in **Annex 1**.

Chapter 4: Conditions

Article 7. Recognition Scheme

1. A Service Provider must qualify as a (provisionally) Recognised Service Provider according to the Recognition Scheme used by the Foundation for this purpose.
2. The Foundation may provisionally recognise a Service Provider in anticipation of the Recognition Scheme on the basis of one of the branch standards (VHT certification or BKN quality mark) or an equivalent combination of certifications and registrations in the field of quality, occupational health and safety, environment and transport.

Article 8. Monitoring, data verification and control

1. The Service Provider shall report quarterly the required data under the Recognition Scheme, the Monitoring Protocol and the Manual Textile Administration Service Providers.
2. As part of the monitoring, the Foundation shall carry out checks and data verifications with which the Service Provider is obliged to cooperate.
3. The Foundation shall send any measures, to be implemented by the Service Provider as a result of a check or data verification, to the Service Provider and shall establish in consultation a timetable for implementing the measures.
4. After the end of a calendar year, the Service Provider shall receive from the Foundation an overview of the data, the fees based on it and an overview of the payments.

Article 9. Cost price survey and confidentiality

1. An Approved Service Provider wishing to qualify for a fee, is obliged to cooperate in a cost price survey initiated by the Foundation, as described in **Annex 2**.
2. The data exchanged in the context of this agreement and the cost price survey will be treated as completely confidential.
3. The party conducting the cost price survey will discuss the results of this survey with an individual Service Provider before reporting them anonymised and aggregated as a basis for determining a chain deficit or fee.
4. The Textile Chain Consultation will determine the amount of the fee, after consultation or decision-making by the constituency. For 2025, the fees as described in **Annex 1** will apply.

Chapter 5: Duration

Article 10. Duration and termination

1. The duration of this DVO-UT-2025 is until 31 December 2025. 2025.
2. It is the intention of the Undersigned to replace this DVO-UT-2025 in the form of the DVO-UT by entering into an agreement for 2026 to 2029 in line with the duration of the Textile Management Contribution Agreement [*Textielbijdrage-overeenkomst*] (TBBO) between the Foundation and the participating producers.
3. The undersigned cannot terminate the contract within the duration of Article 10.1, unless there are compelling reasons for doing so. In that case, termination shall only take place in writing through the signature of the authorised officer of the Foundation or the Service Provider with a notice period of one month as of the 1st of this month and it does not relieve the Undersigned from its obligations during the period that this DVO-UT-2025 was in force.

SIGNATURE SHEET 1 – Cleaning and sorting

The MODEL DVO-UT-2025 with 2 annexes has been signed by:

Service Provider

1. [..... **name company**],
established in [..... **name city**],
at [..... **Visiting address**],
legally represented in this matter by undersigned, listed in the Trade Register under
number [..... **8-digit number**],
referred to, in this (model) agreement, as “Service Provider”;

cooperates with or represents [..... **name company, option**],

having as its function in the textile chain: [cleaning/basic sorting/fine sorting] (strike out)

For estimated weight (within scope EPR Textiles Decree) in 2025 within the DVO-UT-2025:

- Cleaning : tonnes (based on fractions to be sold)
- Basic sorting: tonnes (based on fractions to be sold)
- Fine sorting: tonnes (based on fractions to be sold)

provisionally recognised on the basis of (industry standard)[.....**name of standard
(VHT/BKN) (VHT/BKN) or combination of certifications/registrations**],

certifying authority **organisation that audited the company**

different effective date [.....**date, option**],

Name of signatory

and,

2. Stichting producentenorganisatie UPV Textiel, established in Zeist, legally represented
in this matter by xxxx, director, and listed in the Trade Register under number 87447886,
hereinafter referred to as: “Stichting”;

<Name>

Chairman of the Stichting producentenorganisatie UPV Textiel (or director)

SIGNATURE SHEET 2 – Fibre-to-fibre recycling (pilot for the purpose of transition fee)

The MODEL DVO-UT-2025 with 2 annexes has been signed by:

Service provider

1. [..... **name company**],
established in [..... **name city**],
on [..... **visiting address**],
legally represented in this matter by undersigned and listed in the Trade Register under
number [..... **8-digit number**],
referred to, in this (model) agreement, as "Service Provider";

cooperates with or represents [..... **name company, option**],

having as its function in the textile chain: [dyeing/chem. recycling/spinning] (strike out)

For estimated weight (within scope EPR Textiles Decree) in 2025 within the DVO-UT-2025:

- Fiber processing: tonnes (based on fibre sales in scope Decision UPV)
- Chem. recycling: tonnes (based on fibre sales in scope Decision UPV)
- Spinning: tonnes ((based on yarn sales in scope Decree UPV)

provisionally recognised on the basis of (industry standard) [..... **name of standard
(VHT/BKN) or combination of certifications/registrations**],

Certifying authority **organisation that audited the company**

different effective date [..... **date, option**],

Name signatory

and,

2. Stichting producentenorganisatie UPV Textiel, established in Zeist, legally represented
in this matter by xxxx, director, listed in the Trade Register under number 87447886,
referred to as "Stichting";

<Name>

Chairman of the Stichting producentenorganisatie UPV Textiel (or director)

SIGNATURE SHEET 3 – Fibre-to-fibre sorting (pilot for the purpose of transition fee)

The MODEL DVO-UT-2025 with 2 annexes has been signed by:

Service Provider

1. [..... **name company**],
established in [..... **name city**],
on [..... **visiting address**],
legally represented in this matter by undersigned and listed in the Trade Register under
number [..... **8-digit number**],
referred to, in this (model) agreement, as "Service Provider";

cooperates with or represents [..... **name company, option**],

having as its function in the textile chain: [sorting/fibre processing/applying] (strike out)

for estimated weight (within scope EPR Textiles Decree) in 2025 within the DVO-UT-2025:

- Sorting: tonnes (based on fibre sales in scope Decision UPV)
- Fiber processing: tonnes (based on fibre sales in scope Decision UPV)
- Applier: tonnes (based on fibre sales in scope Decision UPV)

provisionally recognised on the basis of (industry standard) [..... **name of standard
(VHT/BKN) or combination of certifications/registrations**],

certifying authority [..... **organisation that audited the company**]

different effective date [..... **date, option**],

Name signatory

and,

2. Stichting producentenorganisatie UPV Textiel, established in Zeist, legally represented
in this matter by xxxx, director, listed in the Trade Register under number 87447886,
referred to as "Stichting";

<Name>

Chairman of the Stichting producentenorganisatie UPV Textiel (or director)

SIGNATURE SHEET 4 – Monitoring (specific transition fee outside guarantee fee)

The MODEL DVO-UT-2025 with 2 annexes has been signed by:

Service Provider

1. [..... **name company**],
established in [..... **name city**],
on [..... **Visiting address**],
legally represented in this matter by the undersigned and listed in the Trade Register
under number [..... **8-digit number**],
referred to in this (model)agreement as "Service Provider";

cooperates with or represents [..... **name company, option**],

affiliated to (as buyer of textiles) [..... **name company, option**],

having as its function in the textile chain of **monitoring**:

{ cleaning/basic sorting/fine sorting } (strike out) }

for estimated weight (within scope EPR Textiles Decree) in 2025 within the DVO-UT-2025:

- Cleaning : tonnes (based on fractions to be sold)
- Basic sorting: tonnes (based on fractions to be sold)
- Fine sorting: tonnes (based on fractions to be sold)

provisionally recognised on the basis of (industry standard) [..... **name of standard
(VHT/BKN) or combination of certifications/registrations**],

certifying authority **organisation that audited the company**

different effective date [..... **date, option**],

Name signatory

and,

2. Stichting producentenorganisatie UPV Textiel, established in Zeist, legally represented
in this matter by **xxxx**, director, listed in the Trade Register under number 87447886,
referred to as "Stichting";

<Name>

Chairman of the Stichting producentenorganisatie UPV Textiel (or director)

Annex 1: Fees Service Providers 2025

In a Directing Committee regarding financial implementation agreements (*Regiecommissie financiële uitvoeringsafspraken*) in which the VHT, BKN, NVRD and Stichting UPV Textiel ('the Directing Committee') participate, a fee structure has been worked out to implement the Foundation's guarantee fee aimed at the continuity of the Textile Management. As a guideline for the guarantee fee, the estimated chain deficit in the textile chain for 2025 was used, based on as up-to-date data as possible from 2024. After consultation and with the approval of the Directing Committee, the table below with the guarantee fee for 2025 was drawn up.

Guarantee fee 2025 (Eur per kg)

Description guarantee fee	Type	1 st half 2025	2 nd part 2025
INPUT Cleaning including pre-process (see type)*	A. after collection via textile containers or door-to-door	€ 0.08	€ 0.14
	B. after in-house collection in (recycling) shops	€ 0.005	€ 0.01
OUTPUT Sorting in the Netherlands	A. through basic sorting	€ 0.21	€ 0.27
	B. through fine sorting	€ 0.21	€ 0.27

* fee concerns the chain of discarded textiles from the moment of cleaning, where in the case of a chain deficit, collection is also included.

Explanatory note on guarantee fee:

- Cleaning type A relates to cleaning after collection via above- or underground textile containers or door-to-door collection.
- Cleaning type B concerns cleaning after in-house collection has taken place, for instance by depositing discarded textiles in a (recycling) shop.
- Basis for the fee for cleaning is the weight of Dutch textiles, within the scope of the EPR Textiles Decree, delivered after cleaning to a recognised Service Provider with basic or fine sorting or to an R1 certified incinerator.
- The basis for the sorting fee is the weight, delivered once in the textile chain, after basic or fine sorting in the Netherlands of discarded textiles cleaned in the Netherlands, for product reuse or recycling and/or processing in an R1 certified incinerator, with traceable final destinations.

The fees are based on an estimated separate collection in 2025 by the joint Service Providers of 81 ktonnes and basic or fine sorting in the Netherlands of Dutch collected textiles of 49 ktonnes. The Foundation limits the signing of the DVO-UT-2025 with the fees in the table above to the aforementioned volume. This is done on the basis of a checklist for the purpose of the weight per activity to be specified on the signature sheet by the Service Provider. This specified weight should be based on an estimate verified by a third party, e.g. a 2024 volume confirmed by an auditor (possibly with reference to 2023). The Foundation will check this volume and gives its approval to the Service Provider before there can be any question of payment of a fee (or an advance on a fee).

In the event of a higher actual weight of cleaning or basic and fine sorting, the Foundation will operate a waiting list. If in 2025, it appears that the available budget has increased

based on the weight marketed by the Foundation in 2024 (in respect of the 1st half of 2025) or in 2025 (in respect of the 2nd half of 2025, possibly with AVV), the Foundation can still conclude a DVO-UT-2025 with the Service Providers on the waiting list. In that case, the DVO-UT-2025 may not have retroactive effect regarding the full year, but regarding a limited part of the year, e.g. the 2nd half of 2025.

Who is entitled to a fee

Recognised service providers, who have signed the Service Agreement for the Implementation of Textiles 2025 with the Stichting UPV Textiel, who clean or sort discarded textiles in the Netherlands within the product scope of the EPR Textiles Decree, who carry out these activities in the Netherlands, comply with the Recognition Scheme and are connected to the Retex monitoring system, will be eligible for a guarantee payment based on the submission of the required monitoring data at the end of a quarter.

The Foundation will assess service providers with provisional recognition within a period of three months after obtaining all the necessary data with a view to release payment of a fee. This will take place in anticipation of or as part of the recognition audit as described in the Recognition Scheme. If this period proves unfeasible due to circumstances or the scope of the work, this will not lead to suspension of payment for service providers affiliated with one of the initiators of the DVO-UT-2025 model (NVRD, VHT, BKN). This does not affect the Foundation's right to reclaim paid compensation at a later stage if it appears that definitive recognition cannot be obtained.

What is the amount of the fee

The guarantee fee is based on a market survey and the market size represented by the participating producers affiliated with the Foundation as of January 2025.

In the event of the granting of a AVV from TBBO as agreed between the Foundation and its current participating producers, the number of affiliated producers is expected to gradually increase. In this case, the Directing Committee will discuss the change in market conditions. Firstly, a possible increase in the separated collection due to this change in the market is eligible for payment in accordance with the agreements for the guaranteed fee for 2025. Secondly, the Directing Committee will focus on translating the results of the cost price survey into payments for 2026 and a corresponding budget. Finally, the Directing Committee will determine whether, from the moment of the AVV alone, there are reasons to take measures during the remaining period of 2025.

The weighted average chain deficit for 2024 and the forecast for the chain deficit for 2025 – taking into account the current market situation – is expected to be announced in mid-October 2025 and will form the basis for new agreements on fees for 2026. No provision has been made for the possibility of offsetting the difference between the fees paid out in 2025 and the forecast of the actual chain deficit in 2025.

The guarantee fee of the Foundation applies for the whole of 2025. If no AVV is obtained or the cost price survey does not get off the ground, chain parties will meet again in November 2025 to discuss the fees for 2026.

Position of municipalities

Municipalities that enter into a contractual agreement with a Recognised Service Provider can assess their situation within the framework of this contract and the guarantee scheme. If a municipality provides services for this contract, for example the actual collection or the

provision of containers, it is able to call on the Recognised Service Provider for the guarantee payment received and for a possible redistribution depending on the actual situation. The aim of this is to compensate the municipality for the actual implementation costs. Discussions are currently being held between municipalities and service providers about the changed market conditions, with service providers drawing attention to the crisis in the textiles market. The guarantee fee provides financial support.

Implementation as from 2025

The Directing Committee on Financial Implementation Arrangements is drawing up recommendations or guidelines for the method of tendering by municipalities. This will encourage municipalities to enter into a contract with a Recognised Service Provider. The guarantee scheme can be included in this. If a municipality incurs costs for the separate collection of textiles, the Recognised Service Provider will ensure that the municipality receives a cost-covering reimbursement from the Recognised Service Provider.

Transition fee for high-quality recycling and monitoring fee

The transition fee is supplementary to the guarantee scheme and is aimed at realising fibre-to-fibre recycling, either within the objective of the EPR Textile Decree (V2V recycling) or as a prelude to this situation (V2V sorting). In addition, a limited monitoring fee is available that is based on the situation and actual efforts and costs per chain party. The principle is indicated in the table below.

Transition fee V2V (fibre-to-fibre) and monitoring 2025

description	Type	Role	Basis	1 st half 2025	2 nd half 2025
Transition fee V2V-recycling	Incentive to stimulate high-quality recycling	Spinner	NL textiles in scope per kilo of post-consumer recycled content used in the yarn	€ 0.40	€ 0.40
Transition fee V2V-sorting	Incentive to stimulate recycling	Fibre processor	NL textile in scope per kilo post-consumer recycled content applied as fibre	€ 0.20	€ 0.20
Monitoring fee*	Fixed basic amount, possibly with a variable component per client (municipality or retailer)	Recognised service provider	Extra administrative effort to take care of mass balance statement	Included in guarantee	Included in guarantee

*The monitoring expert group will make a proposal for the monitoring fee in the event that there is no chain deficit, taking into account the results of the cost price survey. For 2025, the monitoring fee is included in the guarantee fee and a limited budget is available to support Service Providers with specific implementation costs for monitoring.

V2V recycling transition fee

The V2V recycling transition fee will be paid out if a scalable pilot project demonstrably contributes by weight (in tonnes) to the EPR objective: fibre-to-fibre recycling and application in new textiles (within the scope of the EPR Textiles Decree). The payment is determined on a project basis depending on the type of product, route and pilot weight.

Each pilot project requires a purchase guarantee from the producers of the product in question (at home or abroad). The most important conditions are:

- concerns discarded textiles in the Netherlands (to which a guarantee payment applies for the cleaning and sorting stages);
- Post-consumer textiles (with a guarantee payment) that have been weighed and pre-treated or specifically sorted in the Netherlands by a Recognised Service Provider);
- Chain of Custody fully documented up to the production and sale of the intermediate product (at least yarn), with a circular label if necessary/possible;
- CSR conditions at OECD guidelines level, verified/guaranteed;
- Costs transparent in relation to current working method and impact analysis: what does the circular approach cost and what does it yield (in terms of goals for EPR and circular textiles).

The starting point is that the spinner is compensated provided that they are connected to the monitoring system as a Recognised Service Provider based on the weight of the Dutch post-consumer recycled content used in the yarn, whereby the yarn is demonstrably intended for new textiles within the product scope of the EPR Textiles Decree.

V2V sorting transition fee

The V2V sorting transition fee is also paid out based on a pilot project that demonstrably contributes in weight (in tonnes) to realising fibre-to-fibre recycling in products. The fee is supplementary to the sorting guarantee fee, but cannot be combined with the fee for V2V recycling. The compensation is capped at 5 ktonnes for 2025 and is determined on a project basis based on fibre type, sorting quality, applicable product type, contribution to innovation, route and pilot weight. The compensation is an additional incentive to provide insight into and stimulate the innovations needed to bring high-quality recycling within reach.

Each pilot project requires a purchase guarantee from the producer of the product (in the Netherlands or abroad) in which the fibres have been processed. The most important conditions are:

- concerns discarded textiles in the Netherlands (to which a guarantee payment applies for the cleaning and sorting stages);
- Post-consumer textiles (with a guarantee payment) weighed and specifically sorted in the Netherlands by a Recognised Service Provider, aimed at the highest possible quality in order to retain fibres in a chain of application;
- Chain of Custody fully documented up to the production and sale of the intermediate product (at least yarn), with a circular label if necessary/possible;
- CSR conditions at OECD guidelines level, verified/guaranteed;

- Cost transparency in relation to current working method and impact analysis: what does the circular approach cost and what does it yield (in terms of circular textiles and possibly as a stepping stone to the goals of the EPR Textile Decree).

Appendix 2: Cost price survey (CPS) structure for textile collection and processing

1. Foundations and principles

The EPR Textile Foundation (the 'Foundation') is setting up a textile management structure on behalf of its affiliated producers. An important part of this is a collection and processing structure for discarded textiles that fall within the scope of the EPR Textile Decree. Companies or organisations can participate in this structure as service providers. The Foundation guarantees participating collectors and processors that the chain deficit will serve as the basis for potential compensation to these chain partners. A cost price survey is needed to determine the size of a chain deficit. The structure and approach are elaborated in this memorandum.

a. Allocation of costs and revenues

To determine the Chain Deficit in combination with the guarantee that the deficit is eligible for compensation by the producers, the following interpretation by the Foundation of Article 6, paragraph 3 of the EPR Regulation applies. The reference to 'their products' includes all products within the scope of the EPR obligation, regardless of whether they are owned or possessed by a producer or producer organisation or by a third party. This means that the proceeds from the reuse or sale of secondary raw materials of chain partners with whom agreements have been made form part of the calculation of the chain deficit.

If a cost price survey shows that there is no Chain Deficit, there is no question of a guaranteed fee. The costs and revenues are borne by the market parties according to the existing market structure. The guarantee interferes as little as possible with the existing market structure and/or relationships.

b. Allocation to textiles collected in the Netherlands

The cost price study includes the costs of textiles collected in the Netherlands. The allocation of costs and revenues is based on Activity Based Costing (ABC). The activities must belong to the chain of collection, reuse, recycling and processing. The commercial costs incurred by service providers or third parties to gain a market position do not fall under the attributable costs. Costs are only considered attributable if an activity directly functional to the chain takes place, for example the provision of a logistical service such as bulking, providing containers or transport. This does not include indirect activities, policy matters or overheads.

c. Participation in the cost price survey by chain partners

The UT-2025 Service Agreement makes participation in the cost price survey mandatory. A cost price survey is representative if at least approximately 75% of the discarded weight (of participating chain parties) is included in the calculation. The calculation focuses on the financially attributable tracking of the chain until the moment that a clear transfer of the

textiles to a party outside the participating chain parties takes place. Parties affiliated with chain parties are, in principle, also considered part of the chain, even if they are established abroad.

d. Calculation of average costs

Cost price in €/kg = $\frac{\sum \text{attributable costs and revenues (per component)}}{\text{weight of collected textiles (per year)}}$

The results represent an average per kg of collected textiles. For the activities after collection, the costs for the overview must be back-calculated to the collection (the total collected weight included in the analysis).

The cost price can be broken down into or distinguished by steps/activities in the chain:

- Collection
- Cleaning
- Basic or fine sorting
- Sale for reuse, recycling and processing.

In addition, various types of costs are examined for each step in the chain, for example (possibly per component):

- Personnel costs
- Costs of production resources
- Housing
- Energy costs (fuel costs)
- Administrative costs with specification of monitoring and quality assurance
- Other costs (enforcement, coaching, communication, actions)
- Revenues from sales of products
- Revenues from fees (e.g. transition fees).

The division into cost components is useful for assessing the structure of the cost price in the chain. The division into cost types is useful for making a link with cost drivers, often in the form of an index (wage index, price index, fuel index, etc.). This makes it possible to approximate a development of the cost price without conducting research. During a cost price survey, more general costs that are not directly attributable, such as enforcement, communication campaigns and actions, can also be identified. A point of attention is that these actions may be carried out by parties other than the Service Providers involved.

e. Allocation in the event of the mixing of textile flows

The chain partners adhere to the applicable regulations in the field of environment and quality assurance. The assessment of this takes place separate from the cost price survey. If it is not possible in terms of the process to treat textile flows separately during the process, then allocation of costs takes place on the basis of a key. In most cases, this key is the weight of a comparable flow, but in some cases it can also be based on the number of products or the turnover. The assumptions for the allocation are determined by the assessor (contractor of the cost price survey) in consultation with the company.

f. Anonymous execution and aggregated presentation

The contractor of the cost price research is an independent party and carries out the work in strict confidentiality, keeping all data anonymous. Reporting is based on the aggregation of data. A report can only be issued if a figure is derived from at least four data sources.

2. Implementation

A cost price survey is carried out on the basis of an assignment to an independent party with experience in the sector and in cost surveys. This contractor draws up a matrix or form with the necessary information including an explanation of the background. The information provided by the participant must be traceable to audited financial records such as annual accounts or a corresponding specification (8-column balance sheet).

The contractor uses the following guidelines for calculating the cost price:

- primarily the data of the collection, sorting or processing company (annual accounts and interview to verify the data provided) and of the affiliated companies;
- plausibility check of the data by comparison with other companies;
- the margin of an affiliated textile sales or trading company falls within the scope of the calculation;
- the margin of an exporter/trader who is not a chain partner (participant in the textile management structure) falls outside the scope of the calculation;
- the contractor carries out an objective test on the selling price of textiles to an affiliated company;
- when textiles are delivered to an affiliated recycling or processing company for processing or recycling, either the recycling chain is included in the calculation or an (internal) delivery rate is calculated that has been tested for market conformity or is based on market data if testing is not possible. This internal port tariff should be clearly more favourable than the tariff charged to third parties, so that it is clear that a margin has not been unilaterally allocated;
- In the absence of a salary specification, a business fee can be included in the cost price by:
 - o salary determined for owner (income tax) or management fee (corporate tax);
 - o an allocated fee (reasonableness test) in the absence of a business fee (in any form);
 - o an assessment of the reasonableness of the level of the management fee, without applying a standardisation of the costs.
- depreciation is based on the actual depreciation, as included in the annual accounts, and is assessed to determine whether it gives a true and fair view of the costs;
- the purchase value of infrastructure and accommodation is verified by the contractor based on a comparison with the actual financial outlay of the company (to prevent the excessive allocation of non-functional equipment, infrastructure or accommodation);

- financing costs are based on actual costs or can be allocated at the rate of 4% of the value of tangible fixed assets if equity is utilised, or lower if the company deems this too high;
- payments in the chain are based on administration and interview, with a test of whether:
 - o the party receiving the money sends an invoice or receives a credit invoice;
 - o payments are included in the annual accounts;
 - o the company registers the payments in a fully transparent manner;
 - o the services provided by the recipient of payments, for example the provision of a logistics service, are actually attributable to a chain activity.

3. Dynamization of the cost price survey

The cost price survey is based on audited financial figures from the previous year (year-1). These are usually available from June of the following year (year 0). The cost price survey then usually takes place before 15 October of the current year (year 0). This provides the basis for a proposal for fees for the following year (year+1). The Foundation can adjust the budget and the textile management contribution for year+1 accordingly. Based on the results of the cost price survey, a decision can be made on the index to be used and the method of measuring the revenues for the period of the survey.

Forecast for current year

During the cost price survey, a forecast can be made of the development of the cost price or the various cost price components based on the interim results of the current year (year 0). This forecast can be used as a guideline for the proposal for the fees for year +1.

Use of indexation

The cost price survey provides insight into the cost drivers (factors determining costs) such as labour, costs of means of production, accommodation, etc. The development of these costs can be linked to an index. A combination of indexes can provide important support for the development of costs in year 0. Sometimes index projections are also available for year+1. These can support the proposals for fees for year+1.

Indexes can also be used to update fees if necessary in years when no cost price research is carried out (for year+2, possibly year+3).

Dynamically monitoring yields

There are generally no indexes available for revenues. However, it is possible to monitor prices dynamically, separate from the cost price survey (revenue year) and a forecast for year+1. EUWID has a bimonthly market report for 'Alttextilien'. This is a price survey of 'Originalsammelware' (cleaned original textiles for sorting). This provides an indication of market developments. Market transparency is considerably less than for raw materials such as waste paper or metals.

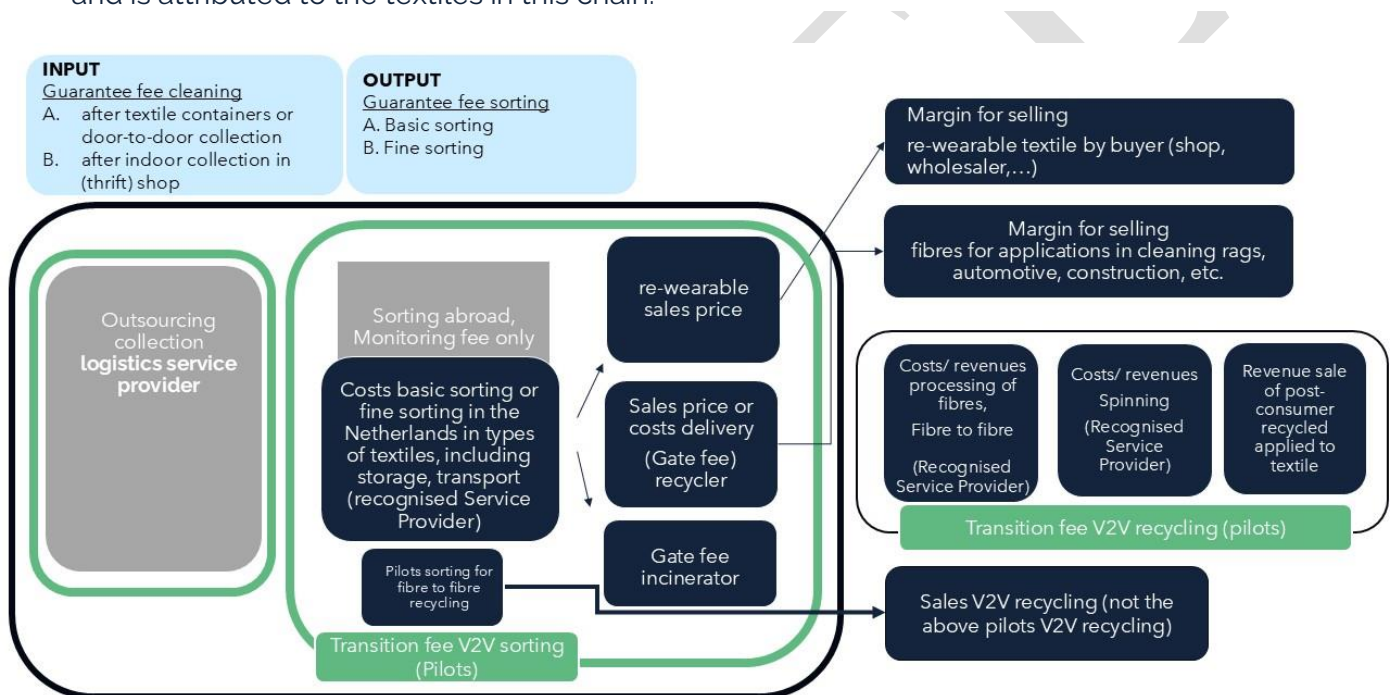
Depending on the importance of the revenues at a certain moment, the occurrence of a deficit, a method can be developed to monitor the market dynamically.

4. Distinction between transition and monitoring fees

The cost price survey is focused on the continuity of the textile management structure, the guarantee that textiles within the scope can always be collected and processed, even if a chain deficit occurs. The guarantee fee based on this is therefore a fundamentally different fee than the fee for monitoring activities for the benefit of the textile management structure or the transition fees to support the realisation of reuse and/or recycling objectives.

The transition and monitoring fees are not dependent on a chain deficit, but may be included in it. After all, the size of the fees is included as revenue in the cost price survey.

A schematic overview of the chain and compensation structure is included below. It indicates the demarcation of the part of the chain that is included in the cost price survey and is attributed to the textiles in this chain.



For the implementation of the cost price survey in 2025, it has been agreed in the Directing Committee that specific attention will be paid to the demarcations in the above diagram and whether the definitions are applicable. An important part of the cost price survey in 2025 is to check whether basic and fine sorting have a different cost structure and thus possibly a different deficit for this part of the chain. Following the cost price survey, the parties will make further agreements about the follow-up and the points for attention identified under dynamization.

Explanatory notes on the realisation of the Model Service Agreement 2025

The Foundation has consulted with the following Chain Parties to arrive at this Model Service Agreement 2025:

1. the Association for Waste and Cleaning Services [*Vereniging voor afval- en reinigingsdiensten*] ('NVRD'), as representative of municipalities and public waste companies; and
2. the Textile Recovery Association [*Vereniging Herwinning Textiel*] (VHT), as representative of service providers that collect, sort, reuse and recycle textiles; and
3. the Dutch Recycling Industry Association [*Branchevereniging Kringloop Nederland*] (BKN), as representative of service providers that accept, collect, sort, reuse and deliver textiles for recycling.

The chain parties and the Foundation have agreed:

1. that agreements are needed with Service Providers about the fees for the activities as of 2025 in view of the overall deficit that has arisen in the entire chain of collection, sorting, reuse and recycling of textiles, which falls within the scope of the EPR Textiles Decree;
2. that the structure of the fees be worked out in such a way that it enables service providers who receive a guarantee fee, to enter into consultation with the municipalities with whom they have made agreements about textile management;
3. to draw up this model Service Agreement to provide a basis for the continuity of textile management in 2025 and a basis for agreements on the implementation of the Textile Management Structure up to and including 2029;
4. Use the EPR Textile Decree as a framework with a scope that focusses on discarded consumer clothing (CN code 61 and 62), work clothing (CN code 61 and 62), and bed, table and household linen (CN code 6302) in the Netherlands, whereby shoes, curtains and blankets may form part of the implementation of the textile management in accordance with LAP 3, but do not (yet) form part of the financial and organisational responsibility of the Foundation;
5. develop a Recognition Scheme for Service Providers with an elaboration of the cooperation tailored to this model;
6. set up an adequate implementing organisation to carry out the monitoring, aimed at annual reporting and a public report on the implementation and results, in which Recognised Service Providers periodically provide data to the Foundation on the weight and destination of separately collected textiles according to a Manual for Textile Administration Service Providers to be developed;
7. to have a structure developed for independent supervision and inspections with a view to providing assurance about the reported data to the Ministry of Infrastructure and Water Management and the Human Environment and Transport Inspectorate;
8. that data from the monitoring system can be used as input for:
 - a. the execution of a periodic cost price survey to substantiate fees;
 - b. the communicating of feedback of performance to chain parties in reports and indicators to be worked out in more detail, taking into account the confidentiality of the individually supplied data.
9. that improvements, updates and changes to this Service Agreement model, as well as related regulations and manuals, will be decided in the Textile Chain Consultation [*Textiel Keten Overleg*].

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