

ROMANIAN DRS PERFORMANCE 2024





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NATIONAL PARTICULARITIES

Country specificities & DRS relevant infrastructure

COUNTRY SPECIFICITIES

- Territorial Area: 238,397 km²
- Population: 19.1 million inhabitants
- Distribution:: 52% urban population / 48% rural population
- Population density: 84 inhabitants/km²
- Counties: 41 counties + Bucharest (the country capital split in 6 districts)

RELEVANT DRS INFRASTRUCTURE

- Over 80,000 stores legally obligated to be part of the DRS.
 - 6,576 stores part of modern trad
 - over 73,000 traditional shops
- Road infrastructure less than 1.000 km of highways
- Non-uniform and occasionally deficient infrastructure for the municipal separate collection of packaging waste

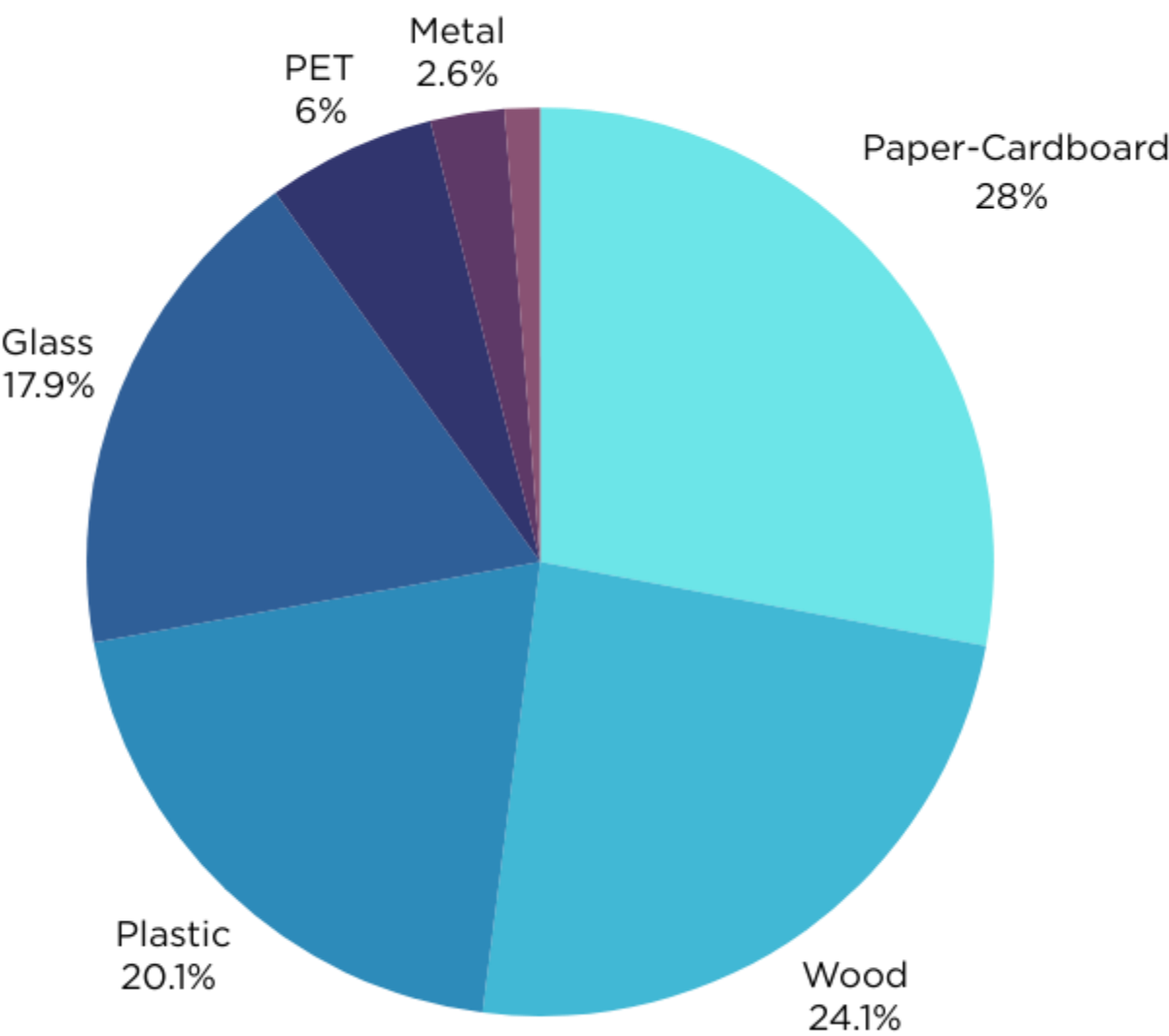


NATIONAL PARTICULARITIES

Packaging Market Particularities - 2023

Companies with legal obligations regarding packaging recycling: over 19,000 economic operators reported introducing 2.46 million tons of packaging to the market.

Romanian packaging structure - 2023



PROs recycling performance - 2023

In 2023, the 16 Producer Responsibility Organizations (PROs) operating in the Romanian market achieved a global recycling target of 65.2%, successfully meeting all recycling targets by material type:

- Cardboard Paper: 72.22%
- Glass: 67.54%
- Metal: 65.69%
- PET: 61.14%
- Wood: 51.03%
- Plastic: 41.44%
- Aluminum: 31.47%

PRO avg. fees per type of material - 2023

Type of material	PROs - avg. municipal fee (euro/ton)*	Type of material	PROs - avg. Industrial - commercial fee (eur/ton)*
Glass	115	Glass	102.8
Plastic	97.9	Plastic	77
PET	167	PET	134.5
Cardboard-paper	84.9	Cardboard-paper	79
Metal	99	Metal	78
Aluminium	160	Aluminum	140
Wood	85.3	Wood	72.9

NATIONAL PARTICULARITIES

DRS implementation drivers

The decision to implement a deposit system in Romania was driven by the following factors identified during the period 2017-2018:

- **Romania has had a persistent failure to meet national recycling targets** agreed upon in relation to the European Union. Risks of non-fulfillment the recycling targets for some packaging materials for 2023-2025.
- **Major risks of failing to meet obligations regarding recycled content** (PET), as well as other objectives established in the Single-Use Plastic Directive.
- **Lack of credibility in recycling activities** for certain types of materials due to reported fraud by some collectors and recyclers.
- **Deficiencies in the infrastructure for separate collection** of packaging waste from households at the national level.
- **Significant legislative ambiguities regarding property rights over packaging waste** facilitated the development of the informal collection sector, interfering with municipal collection efforts.



NATIONAL PARTICULARITIES

Roadmap - a process lasting six years



DRS CHARACTERISTICS

System Dimension

VOLUMES - est. 7 billion pcs. / 550,000 tons

- **Products categories:** Romania has decided to include all eligible product categories in the system, with the exception of edible oil and dairy products.
- **Type of materials:** plastic, glass, metal.
- **Volumes included:** 0.1 - 3 liters.

In 202, the Romanian DRS is projected to manage over 7 billion packaging items, with an estimated composition of 45% plastic, 40% glass, and 15% aluminum. It is anticipated that the system will handle a maximum of 550 tons of packaging annually, representing about 21% of total packaging introduced to the Romanian market.

VALUES - est. 700 million euros

- **Deposit Value:** 0.1 euro/pc.
- **Number of pieces:** 7 billion pcs..

REQUIRED INFRASTRUCTURE - est. 500 million euros

- **Logistic centers:** min. 17 / est. 145 million euros.
- **Automated infrastructure:** min. 12.000 RVMS / est. 345 million euros
- **Other logistic infrastructure:** n.a.



DRS CHARACTERISTICS

Shareholders & Governance

The Romanian DRS shareholding structure is as follows:

- **80% of the shares are held by industry associations**, distributed as follows: 75% by the Association of Water and Soft Drink Producers and the Association of Beer Producers and 25% by the Association of Modern Trade.
- **20% by the Ministry of Environment, Waters, and Forests.**

DRS administrator, **RetuRO** operates under a **dual system**, - the administrative body are civilly liable for damages caused by their failure improper fulfilment of obligations

The Romanian DRS governance is ensured by:

DRS Supervisory Board The **Supervisory Board** consists of 11 members, appointed as follows:

- 7 members at the proposal of the producers' associations (water, soft drinks, and beer).
- 2 members at the proposal of the modern trade associations
- 2 members at the proposal of the Romanian State - Ministry of Environment, Waters, and Forests

DRS Directorate that can have a minimum of 3 members and a maximum of 7 members - members are proposed solely by the Producers' Associations (water, soft drinks, and beer) and the Retailers Association.

Legal obligations

According to the law, RetuRO has the legal obligation to meet the following collection objectives during the period 2024 - 2026:

- **2024: 65% glass, 65% plastic, 65% metal;**
- **2025: 75% glass, 80% plastic, 80% metal;**
- **2026: 85% glass, 90% plastic, 90% metal.**

Applicable penalties

Penalties applied directly to the DRS administrator - RetuRO for not meeting collection objectives:

- €0.20 for each unit of glass and PET packaging not collected according to the legally established collection objective;
- €0.10 for each unit of metal packaging not collected according to the legally established collection objective.

Penalties applied directly to producers for failing to meet recycling objectives:

- €0.40 for each kilogram of packaging that was not recycled according to the legally established recycling objectives.

DRS LAUNCH – 30. NOV. 2023

Premature launch of the system

- **The logistical infrastructure for counting centers is almost nonexistent.** Out of the planned 17 centers, only one was operational at launch.
- **The automated collection infrastructure is inadequate;** as of November 2023, less than 10% of modern retail stores have RVM (Reverse Vending Machine) systems in place. Additionally, less than 40% of over 73,000 traditional stores that rely on manual collection lack contracts with RetuRO, the system administrator.
- **A national logistics system for collecting empty packaging from consumers has yet to be implemented,** with the bidding process for Geodis, the logistics provider, occurring after the launch.
- **The centralized IT platform required for integrating DRS data— including collected quantities, recycling statistics, and transportation information—was non-functional.** Even if it was completed by November 2023, it will require at least 2-3 months of rigorous testing.
- **The national DRS billing system, which is essential for integrating 80,000 stores (RHF) and for deposit management, is also non-functional.**
- **Significant deficiencies in the reporting and packaging registration system,** and there is confusion surrounding the transition from non-DRS to DRS labelling. This transition led to inventory, billing, and identification issues with RVMs in 2024.

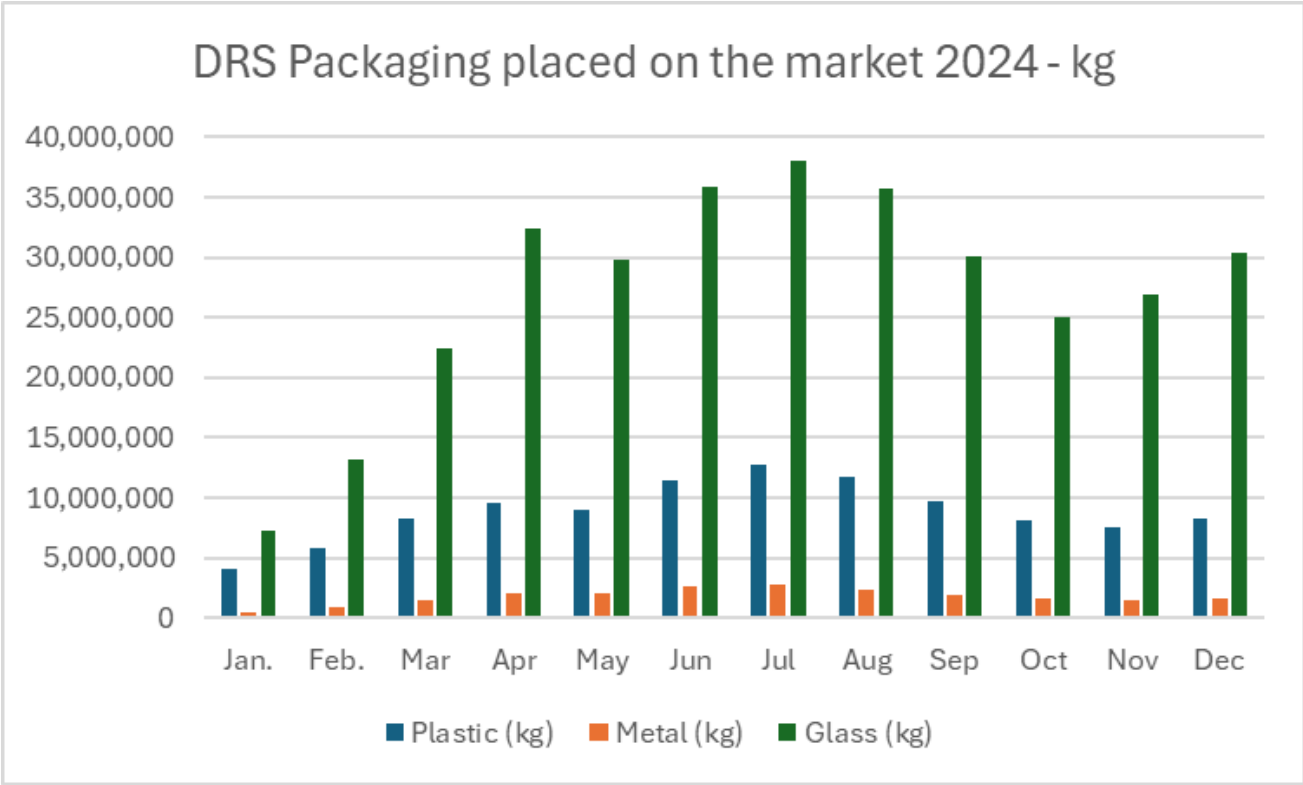
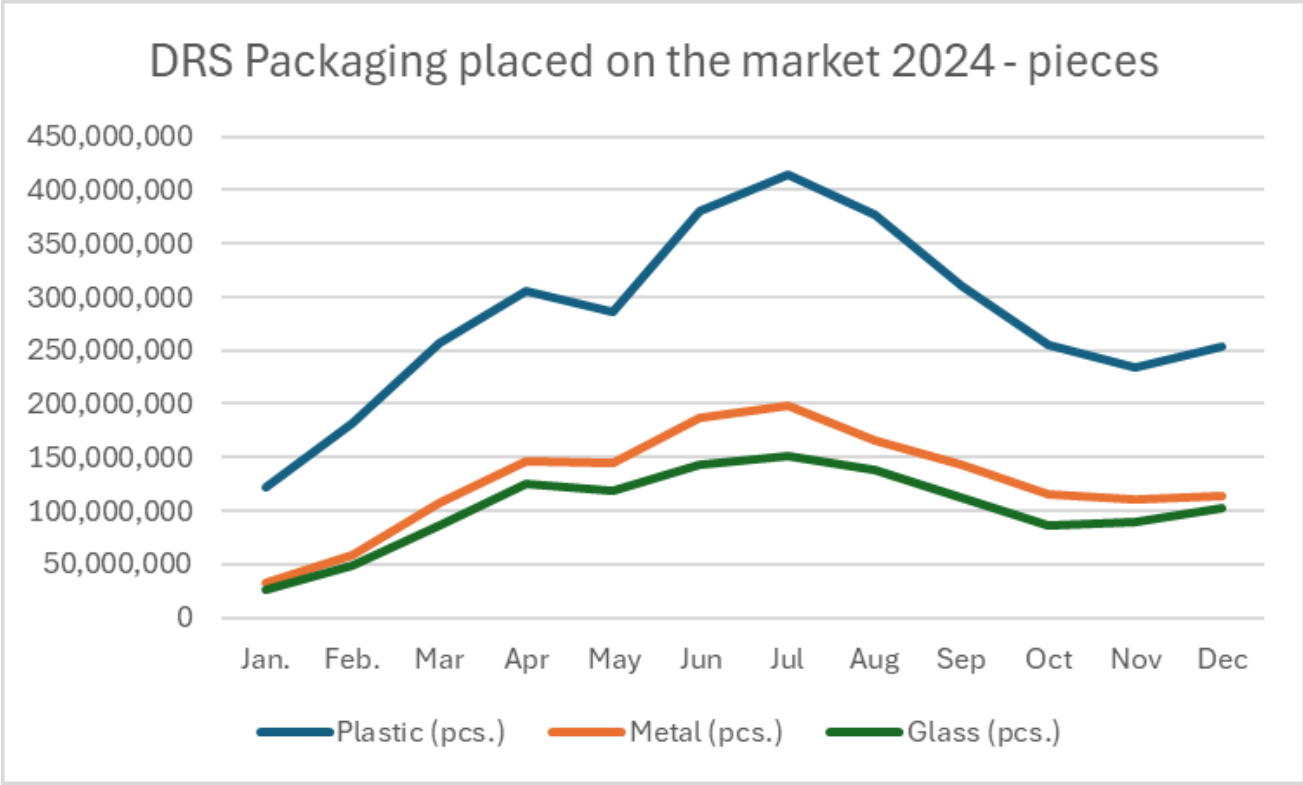
According to experts and consultants specializing in the DDRS for beverage single-use packaging, the system's launch cannot occur earlier than 24 months after the appointment of its administrator, meaning that since RetuRO was legally appointed as the administrator in August 2022, the earliest possible launch date for the system would be August 2024.

None of the deficiencies of the Romanian DRS at the time of its launch in November 2023 were reflected in any of the scenarios from the feasibility studies or any other public feasibility assessments (Eunomia). Instead, these studies present ideal situations that bear no relation to the market, thereby highlighting the need for a more realistic assessment.

The logistical shortcomings of the system, projections regarding digital or quantitative transitions, and changes in consumer or producer behavior (such as substitutions in packaging solutions) are entirely absent.

ENVIRONMENTAL PERFORMANCE

Unexpectedly poor results - 2024



Transition Characteristics

National legislation permits the transition from non-DRS labeling (without DRS obligations) to DRS labeling (with DRS obligations) until July 1, 2024, and exceptionally until December 31, 2024, for wines and spirits.

Forecasted Results

Forecasted annual results for 2024, based on studies and RetuRO communications, indicate **7 billion pieces** of packaging (equivalent to **550,000 tons**), with an estimated composition of 45% plastic, 40% glass, and 15% aluminum.

Effective Results 2024

- In 2024, over **6.1 billion pieces** of packaging were placed on the Romarket, comprising 3.3 billion plastic pieces (55.12%), 1.5 billion metal pieces (24.86%), and 1.2 billion glass pieces (20.02%).
- Regarding the quantity of DRS packaging placed on the market, the system oversaw over **455,000 tons**, including 106.4 thousand tons of plastic (23.4%), 21.2 thousand tons of metal (4.67%), and 327.2 thousand tons of glass (71.9%).

ENVIRONMENTAL PERFORMANCE

Very low DRS collection rate - 2024

DRS packaging placed on the Romanian market - 2024							
Plastic		Metal		Glass		TOTAL	
Pcs.	Kg.	Pcs.	Kg	Pcs.	Kg	Pcs.	Kg
3,375,947,734	106,484,694	1,522,979,473	21,270,124	1,226,278,615	327,259,779	6,125,205,822	455,014,597

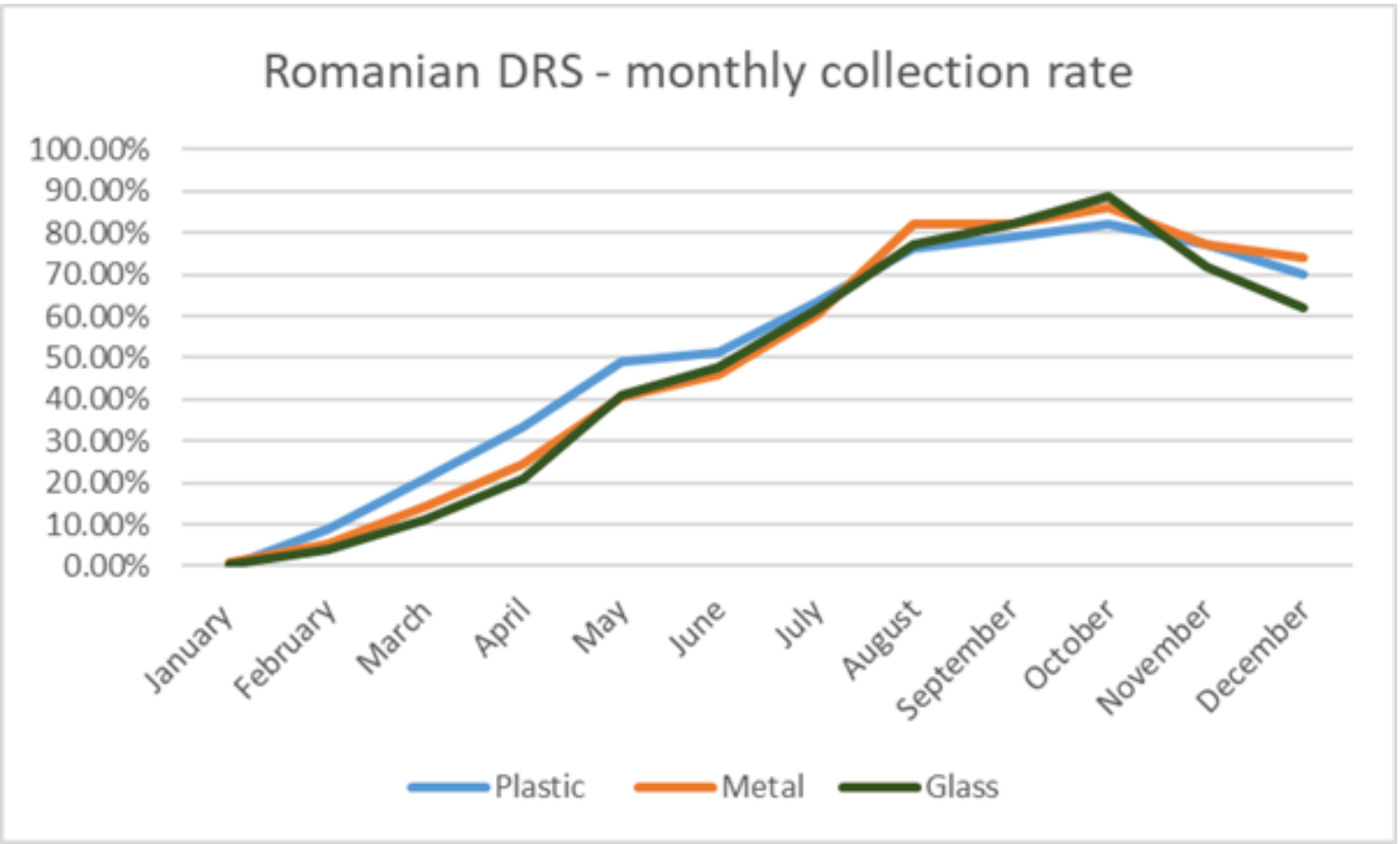
DRS packaging collected by Romanian DRS - 2024							
Plastic		Metal		Sticla		TOTAL	
Pcs.	Kg	Pcs.	Kg	Pcs.	Kg	Pcs.	Kg
1,871,319,166	63,962,574	841,926,301	11,899,348	650,634,577	160,897,072	3,363,880,044	236,758,994

Romanian DRS collection rate - 2024			
Plastic (pcs)	Metal (pcs)	Glass (pcs)	TOTAL
55.43%	55.28%	53.06%	54.92%

Legal collection rate established for the Romanian DRS in 2024 (according to Government Decision 1.074/2021)			
65%	65%	65%	65%

Romanian DRS collection performance vs. legal objectives - 2024			
-9.57%	-9.72%	-11.94%	-10.08%

By 2024, it is clear that the Romanian DRS failed to meet the legally established collection objectives, even with a €0.10 deposit. The collection rates for PET and glass were lower than those achieved by PROs (60% for PET, 65% for glass), where collection is voluntary and not reliant on a deposit value. **High legal penalties applicable to Romanian DRS.**



- In August, September, and October, collection rates rose but fell in November and December. From July, most packaging without the DRS logo was phased out.
- This trend is evident in the analysis of per capita collection data from the 41 counties and Bucharest, showing that predominantly urban areas reached maximum collection capacity (over 80%).

ENVIRONMENTAL PERFORMANCE

Collection per capita

DRS packaging generated - avg. per capita 2024

DRS packaging placed on the Romanian market - 2024

Plastic		Metal		Glass		TOTAL	
Pcs.	Kg.	Pcs.	Kg	Pcs.	Kg	Pcs.	Kg
3,375,947,734	106,484,694	1,522,979,473	21,270,124	1,226,278,615	327,259,779	6,125,205,822	455,014,597
177	6	80	1	64	17	321	24

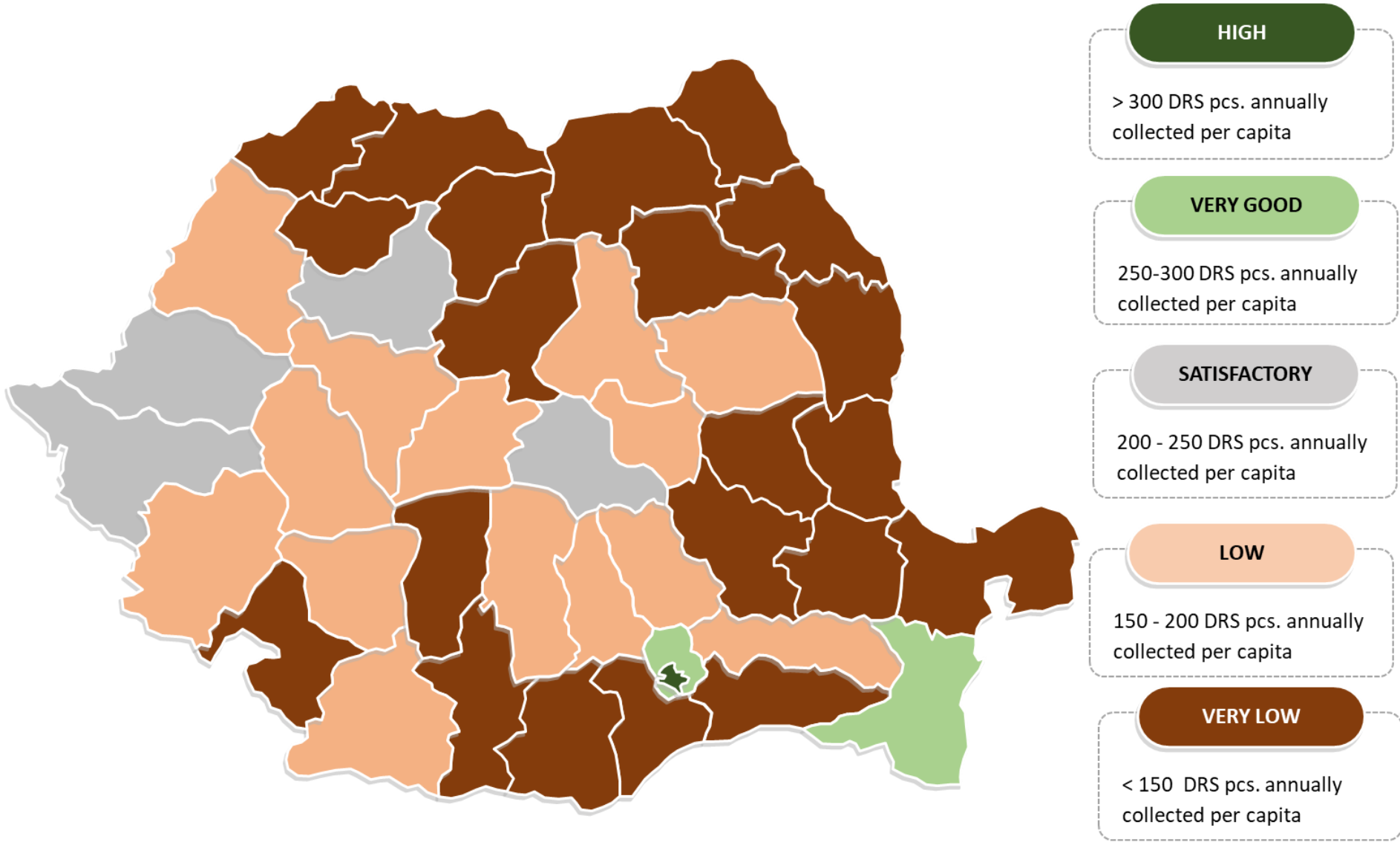
DRS packaging per capita - 2024

Top performing Romanian counties - collection rate > 66%

County	County population	Urban population	Share of Romanian total population	Packaging collected	Avg. pcs. collected per capita	Avg. pcs. generated per capita	Avg. collection rate per capita
		%	%	Pcs.	Pcs.	Pcs.	%
București	1,716,961	100.00%	9.01%	526,182,880	306	321	95.47%
Ilfov	542,704	45.19%	2.85%	151,779,730	280	321	87.13%
Constanța	655,997	65.99%	3.44%	165,088,874	252	321	78.40%
Timiș	650,533	53.10%	3.41%	156,664,917	241	321	75.02%
Brașov	546,615	68.69%	2.87%	117,092,253	214	321	66.73%
TOTAL	4,112,810		21.59%	1,116,808,654			

Lowest performing Romanian counties - collection rate < 40%

County	County population	Urban populatio	Share of Romanian total population	Packaging collected	Avg. pcs. collected per capita	Avg. pcs. generated per capita	Avg. collection rate per capita
		%	%	Pcs.	Pcs.	Pcs.	%
Călărași	283,458	35.51%	1.49%	35,986,676	127	321	39.55%
Giurgiu	262,066	28.66%	1.38%	32,181,536	123	321	38.26%
Bistrița-Năsăud	295,988	37.60%	1.55%	35,891,224	121	321	37.78%
Vaslui	341,861	44.86%	1.79%	41,338,829	121	321	37.67%
Bacău	601,387	41.81%	3.16%	69,796,873	116	321	36.16%
Vrancea	335,312	32.65%	1.76%	38,751,284	116	321	36.00%
Neamț	454,203	35.36%	2.38%	50,480,305	111	321	34.62%
Suceava	642,551	39.29%	3.37%	71,271,118	111	321	34.55%
Botoșani	392,821	38.46%	2.06%	39,675,721	101	321	31.46%
TOTAL	3,609,647		18.94%	415,373,566			

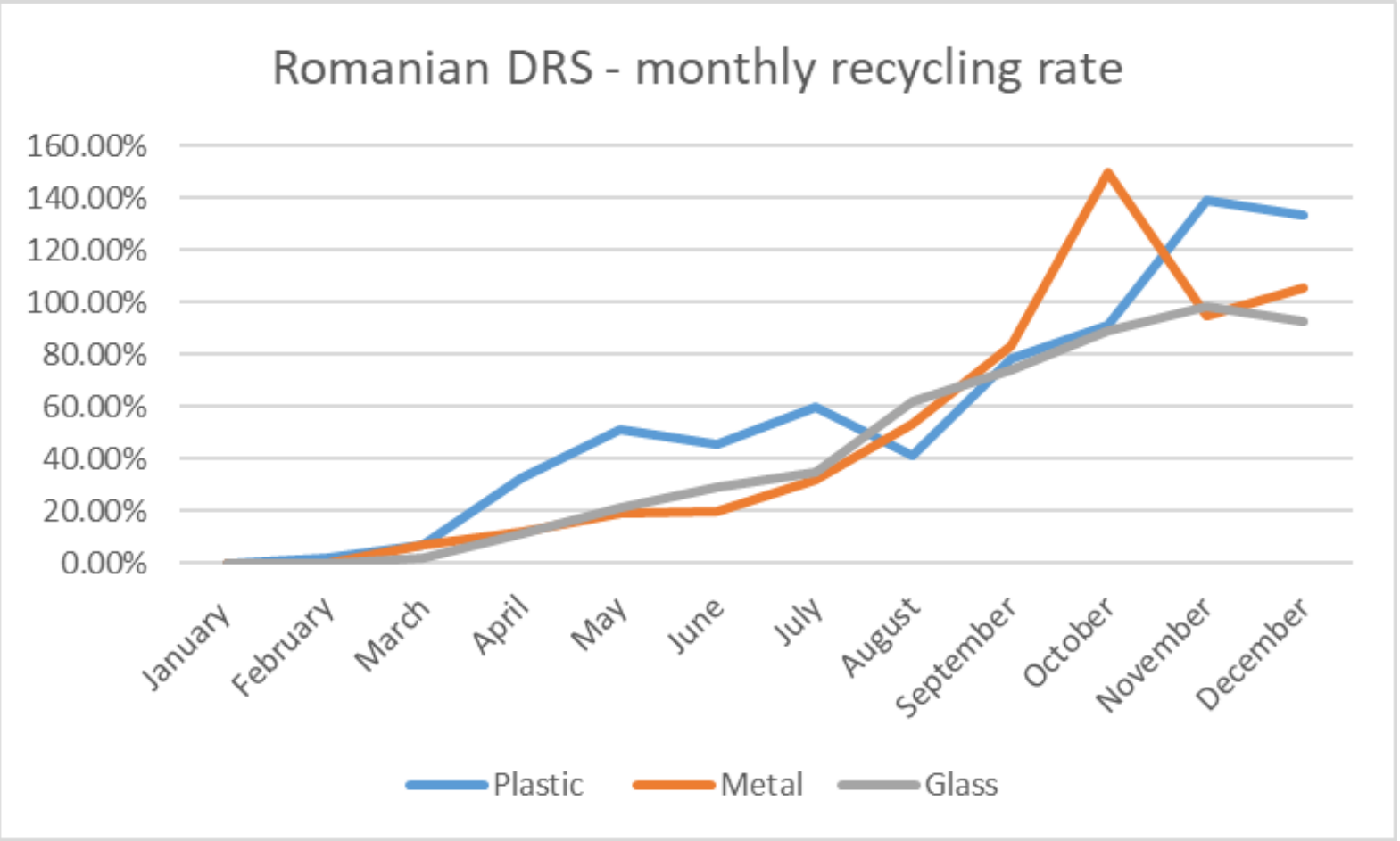


ENVIRONMENTAL PERFORMANCE

Very low DRS recycling rate - 2024

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Plastic		Metal		Glass		TOTAL	
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DRS packaging recycled by Romanian DRS - 2024							
Plastic		Metal		Sticla		TOTAL	
Pcs.	Kg	Pcs.	Kg	Pcs.	Kg	Pcs.	Kg
1,848,627,269	63,742,136	759,862,236	10,534,378	589,039,115	155,916,316	3,197,528,620	230,192,830
Romanian DRS collection rate - 2024							
	Kg		Kg		Kg		Kg
	59.86%		49.53%		47.64%		50.59%
Legal recycling rate established for the Romanian DRS in 2024 (according to Government Decision 1.074/2021)							
	65%		65%		65%		65%
Romanian DRS recycling performance vs. legal objectives - 2024							
	-5.14%		-15.47%		-17.36%		-14.41%

By 2024, it is clear that the Romanian DRS failed to meet the legally established recycling objectives. The recycling rates for PET and glass were lower than those achieved by PROs (60% for PET, 65% for glass). **High legal penalties applicable to producers.**



The analysis of monthly recycling rates highlights challenges in packaging collection and counting due to inadequate logistics, with only 5 of the 17 required logistics centers operational by July and 7 by year-end, along with difficulties in relations with final recyclers, especially for glass packaging.

ECONOMIC PERFORMANCE

Centralized Data - 2024

Costs structure and revenue streams of Romanian DRS - 2024

COSTS STRUCTURE		euro
1	Retail Handling Fee - based on the average RHF per type of material and the number and type of pieces ollected	est. 137,372,725
2	Logistics costs (collection and transport)	N/A
3	Investment to build the logistic centers (Total bank loan - 85.2 million euros)	60,000,000
4	Administration costs (including IT platform costs)	N/A
5	Marketing & comunication - 1.5 to 2% of the total value of unredeemed deposits and the sale of materials	est. 5,956,284
6	Penalties for failing to meet collection and recycling targets (legal requirement)	
	Collection penalties - applicable for DRS's administrator - RetuRO	24,507,082
	Recycling penalties - applicable to producers and importers for not reaching legal recycling objectives	72,265,229
7	VAT - applicable for difference between the annual total value of deposit and the value of the returned deposit	starting 2025
REVENUE STREAMS		euro
1	Value of UNREDEEMED DEPOSIT (unitary deposit value - 0,1 EURO per piece)	276,132,578
2	Value of producers' fees (estimated based on average rates per type of packaging material)	est. 109,838,721
3	Value of material collected and sold to recyclers (estimated based on average market prices)	est. 21,681,654

N/A = unavaiable data

ECONOMIC PERFORMANCE

High and unforeseen costs of the system

Romanian Retail Handling Fee (RHF) - 2024

Type of packaging	RVM - Automat collection (euro/pc.)	Manual collection (euro/pc.)	HoReCa (euro/pc.)
Small glass (<500 ml)	0.0364	0.0201	0.0109
Large glass (>500 ml)	0.0378	0.0329	0.0218
Small plastic (< 1000 ml)	0.0394	0.0119	0.0027
Large plastic (>1000 ml)	0.0497	0.0198	0.0086
Metal	0.0355	0.0096	0.0019

RVM total investment - €124.8 million by the end of 2024

It is estimated that within the Romanian DRS, over 60% of operational RVMs (2,400 units) are large RVMs in hypermarkets, supermarkets, and discounters, while 40% (1,600 units) are small RVMs in smaller stores, with average prices of €40,000 for large RVMs and €18,000 for small RVMs, leading to an estimated total cumulative investment by the retail sector in RVMs of approximately €124.8 million by the end of 2024.

Improving collection performance would require the operation of at least 12,000 RVMs at the national level within the system, compared to the 4,000 currently in operation.

Logistic centers - €60 million investments in 2024

In 2024, RetuRO invested €60 million in the construction of 7 logistics centers, averaging approximately €8.5 million per center; to fully establish the required logistics infrastructure, a total investment of around €145 million is necessary.

Marketing & Communication - est. €5.95 million

Considering this is the system's first year and intensive communication is essential, it is estimate that in 2024, communication expenses for the Romanian DRS were €5.95 million, utilizing the maximum legal allocation of 2% based on RetuRO's data.

Applicable Penalties 2024 - €96.7 million / VAT - starting 2025

The total penalties for non-performance of the DRS in 2024 amounted to €96.7 million, with €24.5 million applied to the DRS administrator and €72.2 million to producers for not meeting recycling targets.

On December 30, the Romanian state decided to replace these immediate payments of penalties (due by January 25, 2025) with a multi-year investment plan for infrastructure over 5 years, totalling €70 million.

A VAT for unredeemed deposit will be applicable starting with 2025.

Administrative and monthly logistic/operational costs

n.a.

ECONOMIC PERFORMANCE

Unredeemed deposits - main DRS source of funding in 2024

Romanian DRS producers fee - 2024	
Type of packaging	euro/pc.
Small glass (<=500 ml)	0.0294
Glass large (>500 ml)	0.0461
Transparent plastic	0.0118
Blue plastic	0.0155
Green plastic	0.0155
Mixt colored plastic	0.0206
Plastic barrier	0.0247
Metal can	0.0015

Romanian DRS producers fee	2024	2025 intermediate fee	fee increase %	2025 final fee
Type of packaging	euro/pc.	euro/pc.		euro/pc.
Small glass (<=500 ml)	0.0294	0.0436	48.10%	n.a
Glass large (>500 ml)	0.0461	0.0775	68.23%	n.a
Transparent plastic	0.0118	0.0137	15.93%	n.a
Blue plastic	0.0155	0.0175	13.45%	n.a
Blue plastic	0.0155	0.0174	12.42%	n.a
Mixt colored plastic	0.0206	0.0228	10.98%	n.a
Plastic barrier	0.0247	0.0305	23.60%	n.a
Metal can	0.0015	0.0024	54.55%	n.a

Unredeemd deposit - €276.1 million

The total value of guarantees within the Romanian DRS was €612.5 million. With an overall collection rate of 54.92% (deposits returned to consumers), resulting in an **unredeemed deposit value of €276.1 million**. In 2024, this unredeemed deposit became the primary source of revenue for financing the Romanian DRS, meaning Romanian citizens contributed €276.1 million to its funding through their failure to return packaging and recover the deposit.

Producers Fee - est. €109.9 million

The total value of the producer’s fee in 2024, calculated based on the types of packaging introduced to the market and the average producers fee per material type, is estimated at **€109.9 million**.

Sales of collected materials - est. €21.6 million

Due to insufficient data, the sales value of collected materials was estimated based on quantities sold to recyclers and average market prices (glass: €0.01/kg, PET: €0.20/kg, aluminum: €0.70/kg), leading to an estimated revenue of **€21.6 million** from material sales for the DRS in 2024, with a maximum margin of error of 10%.

ECONOMIC PERFORMANCE

The major impact of DRS implementation on PROs and local authorities

DRS vs. PRO performance 2024*	DRS performance 2024		PRO performance 2024	
	Producers fee euro/ton	Recycling performance (%)	Producers fee euro/ton	Recycling performance (%)
PET	439 - 1,233	59.86%	133	60.00%
Glass	59 - 92	47.64%	98	65.00%
Aluminum	90	49.53%	85	40.00%

**The data in the table above has been calculated based on average weights of the packaging, as follows: 20 g for PET preforms, 500 g for glass, and 17 g for metal cans*

Analyzing the data above, we can conclude the following about the economic and environmental performance in the first year of the Romanian DRS:

- PET: Despite recycling fees for producers being up to 9 times higher than those of PROs, the DRS barely matched PROs’ recycling performance in 2024.
- Glass: the DRS did not meet its legal objectives and significantly lagged behind PRO performance.
- Aluminium: The DRS incurred costs nearly identical to those of PROs but achieved superior environmental performance.

Impact on local authorities - est. €72.8 million

The most significant cost of the PRO model is associated with packaging collected by local authorities, averaging €160 per ton paid to them. With the exit of DRS packaging from the PROs in 2024 local authorities faced two main impacts:

- Revenue Losses: Over **€72.8 million in lost revenue** from the elimination of the €160 per ton payments from PROs for PET, aluminum, and glass.
- Financial Losses: Significant financial losses related to the management (collection, sorting, storage) of unreturned DRS packaging.

While unreturned DRS packaging incurs operational costs for local authorities, it generates revenue for the DRS due to the €0.10 deposit per piece. Additionally, many local authorities significantly increased the fees charged to residents in 2024.

Impact on PROs- est. €49 million

Considering the quantities of DRS-type packaging that have “migrated” from PROs to the DRS model and the average rates charged by PROs in 2024, the PROs experience a **€49 million reduction in total turnover for the entire year.**

CONCLUSIONS AND RECOMMENDATIONS

Key Issues with the Romanian DRS Implementation

- **Failure to Revise Assumptions:** Feasibility studies from 2019 did not reflect actual conditions in Romania, overlooking significant cost increases, operational restructuring, and legal changes like VAT on unreturned deposits.
- **Premature Launch:** The DRS was launched too early, lacking necessary infrastructure and creating unforeseen challenges due to inadequate communication with stakeholders.
- **Lack of Transparency:** Non-involvement of impacted parties has led to confusion and frustration, especially among traditional traders and local authorities, compounded by ineffective communication.
- **Insufficient and inadequate Infrastructure:** The DRS suffers from inadequate collection infrastructure and logistics centers, limiting its effectiveness. The high costs of RVMs prevent traditional stores from acquiring them. Given the exhausted bank loan, there is uncertainty regarding funding for the remaining logistics centers to be developed.
- **Unexpected legal changes:** The introduction of penalties, changes in the calculation method of applied tariffs, the introduction of VAT, changes in the ownership structure, etc.
- **Poor Marketing and Communication:** There has been insufficient communication with consumers and stakeholders, characterized by weak media campaigns and an inefficient call center.
- **Governance Issues:** The DRS has faced transparency issues, a dominant market position, and non-transparent practices leading to economic inefficiency and declining reputation.



CONCLUSIONS AND RECOMMENDATIONS

Conclusions

- **Between the estimates, scenarios and forecasts** presented in the studies or by "DRS's preachers" in the preparing stage of DRS **and the current environmental and economic realities of the Romanian DRS**, there are significant differences with a high impact on all stakeholders, starting with producers and retailers and finishing with local authorities and consumers.
- **The lack of transparency during the preparation and implementation of the Romanian DRS**, coupled with an absence of a communication and negotiation strategy with all involved stakeholders, **has exacerbated the macroeconomic impact of the Romanian DRS**, resulting in market disruptions.
- **In 2024, the Romanian DRS failed to meet its legally mandated minimum objectives, leading to serious consequences for the industry.** This shortfall negatively impacts both the environment and the financial stability of businesses, while the DRS's poor performance in glass recycling further jeopardizes national recycling objectives.
- **The inadequate logistical infrastructure** among other Romanian DRS deficiencies, **raises doubts about the feasibility of achieving the DRS objectives set for 2025 and 2026.**

Recommendations

- 1. Permanently Review and Revise Assumptions:** Continuously assess and adjust assumptions, scenarios, and data granularity in feasibility studies, challenging existing DRS norms as they vary significantly across countries.
- 2. Engage Producers and Retailers:** Involve producers and retailers in the early stages of DRS design to foster commitment and enhance decision-making.
- 3. Avoid Premature Launch:** Launch the DRS only when all critical infrastructure is fully operational to reduce the risk of failure.
- 4. Ensure Adequate Infrastructure:** Develop and test logistics system to ensure operational efficiency.
- 5. Implement Effective IT Platform:** A robust IT platform is vital for tracking returns, invoicing, and reporting, and ensuring accountability.
- 6. Establish Transparent Governance:** Create clear governance structures to prevent conflicts of interest and ensure performance.
- 7. Secure Stakeholder Commitment:** Engage stakeholders early to gain buy-in and ensure successful implementation of the system.
- 8. Communicate Clearly and Consistently:** Launch well-planned public awareness campaigns to enhance consumer engagement and satisfaction.
- 9. Prepare Retail Network:** Equip traditional retailers with the necessary infrastructure and training for effective return management.
- 10. Ensure Transparency in Contracting Procedures:** Use public tenders and clear guidelines to build trust and maintain competition.
- 11. Be Ready for Macro-Economic Impacts:** A thorough assessment of the macroeconomic impact on all stakeholders is essential to prevent unintended disruptions across the supply chain.



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