

POLICY BRIEF

# The Digital Product Passport for MSMEs in the Circular Economy

Potential policy approaches for supporting small and medium-sized enterprises

Luisa Denter, Johanna Graf



## Executive Summary

The Digital Product Passport (DPP) is designed to provide stakeholders in the circular economy with access to the information they need for repairs, recycling, and other circular strategies. This can enable these strategies to be designed much more efficiently or even make them feasible in the first place. However, many micro-, small, and medium-sized enterprises (MSMEs) in the circular economy are still sceptical about the specific benefits that DPPs can offer them. This position paper therefore addresses the question of which policy measures can support MSMEs in the circular economy to use DPPs not only to comply with legal requirements, but also to actively promote the circular economy and resource conservation. Our analysis identifies seven core action areas where policy support is needed to enable MSMEs in the circular economy to deploy DPPs as a tool for circular value creation and resource conservation.

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# 1 The Significance of Product Passports for MSMEs

Digital Product Passports (DPPs) have been introduced for almost all physical products sold on the EU market since 2027. The European Commission is authorised to progressively decide the products they will actually be implemented for. DPPs are a tool designed to provide stakeholders in the circular economy with better access to the product information they need for repairs, refurbishment, recycling, and other circular strategies. This enables these circular strategies to be designed much more efficiently or even makes them feasible in the first place.

The regulatory basis for DPPs rests on two European frameworks in particular: the Ecodesign Regulation adopted in 2024 and the 2023 Battery Regulation. The first DPPs will become obligatory for batteries starting in 2027. The Ecodesign Regulation sets out that the European Commission will now progressively define the requirements laid down in the Regulation for individual product groups in delegated acts. In the course of this process, the Commission will also examine which product groups DPPs should be implemented for and determine the information they should contain. It will also decide whether the DPPs should encompass data at product, model, or article level.

In theory, DPPs harbour great potential for the circular economy and for micro-, small, and medium-sized enterprises (MSMEs) operating in the circular economy. That's because repair and recycling processes are currently often more time-consuming than they need to be, as the stakeholders involved lack information – for example, on how to dismantle products or on the composition of materials. This means, for example, that it takes longer to dismantle products in repair or refurbishment facilities, or that recyclers first have to conduct complex analytical procedures before they can begin the actual recycling process. As a result, DPPs have the potential to make circular business models more profitable or even profitable in the first place, as they can significantly reduce costs. For instance, complex, high-grade recycling processes could become more cost-effective, which in turn would cut the price of recycled materials. Under current market conditions, extracting high-quality secondary raw materials is often not yet competitive compared with primary raw materials due to the effort required to ensure high quality and significantly increase recovery of raw materials. DPPs can also facilitate the automation of circular processes, as the information they contain is machine-readable. For example, they can support the automated assessment of a device's condition or the dismantling of a product for repair, refurbishment, and remanufacturing, or help to estimate the material value for recycling. This also makes circular strategies that have rarely been used up to now more practicable, such as refurbishment and reusing functional components from used products.

This is why DPPs have the potential to substantially drive forward the circular economy and thereby contribute to resource conservation. However, the general regulatory framework and economic incentives must also be geared towards an end-to-end circular economy if DPPs are to be successful. That's because the current regulatory framework is often geared towards a linear economic system, which means that grey areas in the area of intellectual property rights or waste management law, for example, make it difficult or impossible to implement circular business models. DPPs can also make it easier for MSMEs to participate in circular value creation. While large manufacturers of electrical and electronic devices currently have a decisive advantage when it comes to repairing or remanufacturing products because they are familiar with the design of their products, this information could also be made available to MSMEs in future. This will make it simpler for MSMEs to develop independent services and offerings than in the past.

Nevertheless, many MSMEs tend to be sceptical about the introduction of DPPs, in part because they fear additional red tape<sup>1</sup> or are unsure whether they will actually be able to reap the potential benefits of DPPs for circular business models. However, it is critical for MSMEs to be in a position where they can benefit from the advantages of DPPs: firstly, because they play a pivotal role in many areas of the circular economy – such as repair, refurbishment, and recycling businesses – and secondly, because the circular economy represents an important strategy for MSMEs to enhance their resilience.<sup>2</sup>

That's why we are using this paper to explore the question of which policy measures can help MSMEs in the circular economy to use DPPs to promote the circular economy and conserve resources. This question is particularly relevant in Germany at this time, as the federal government has plans to support MSMEs in the introduction of DPPs as part of its digital transformation initiative to close material cycles.

We are developing specific proposals for this in this paper, based on an evaluation of relevant literature, seven qualitative interviews with MSMEs and institutions that advise MSMEs, and feedback rounds with a total of 24 stakeholders.

## 2 Policy Options

The outcome of this research is the identification of seven key action areas where MSMEs in the circular economy can be supported in utilising DPPs, not only to meet their statutory obligations, but also to support the circular economy and resource conservation.

### 2.1 Demonstrating and revealing the potential of circular business models

#### What are the problems?

Many MSMEs primarily associate DPPs with the potential for additional costs – even though it is still unclear whether these costs will actually arise and, if they do, to what extent. Even MSMEs that are set to be among the biggest beneficiaries of DPPs – from repair to recycling businesses – often seem to share this scepticism. By contrast, the potential for reducing costs in existing circular business models and opportunities for new circular business models or for sustainability communication is rarely perceived.

One reason for this is that most existing DPP pilot projects focus on topics such as the technical design of DPPs, data management, or standardisation, rather than on the potential benefits of DPPs for the circular economy and circular business models.<sup>3</sup> Most information offerings for MSMEs also focus on regulatory requirements, standardisation issues, or technical aspects, while the benefits of specific DPP applications are more rarely addressed.

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<sup>1</sup> Federal Network Agency and Federal Environment Agency, 2025, [Digitalisierung und Nachhaltigkeit in der unternehmerischen Praxis. Ergebnisse einer Unternehmensbefragung](#), p. 26 (last accessed: 30 October 2025).

<sup>2</sup> Denter, L., von Zepelin, L., 2025, [Kreislaufwirtschaft birgt unerkanntes Potential im Mittelstand](#), Tagesspiegel Background Energie & Klima, 21 February 2025 (last accessed: 11 November 2025) and Kühn, V., 2025, [Wie Mittelständler mit der Kreislaufwirtschaft Risiken abfedern](#), Handelsblatt, 10 October 2025 (last accessed: 11 November 2025).

<sup>3</sup> See e.g. Fernandez, E. et al., 2024, [Mapping DPP knowledge gap and stakeholder needs. Circular Economy Resource Information System](#), p. 113–130 (last accessed: 30 October 2025).

## Potential solutions

The following points should be borne in mind when promoting future pilot projects:

- **Focus on leveraging potential for the circular economy:** Future pilot projects should be focussed on tangible practical examples of circular business models and resource conservation. Instead of a large number of small pilot projects, we recommend implementing larger-scale projects within extensive networks to obtain useful insights.<sup>4</sup> These should highlight both the potential for ecological savings and specific business cases for circular business models based on DPPs.<sup>5</sup>
- **Focus on middle R strategies<sup>6</sup>:** Digital transformation in general and DPPs specifically offer tremendous potential for making circular strategies that have hitherto been neglected, such as refurbishing products or reusing functional parts from used products, easier to implement and more competitive. As approaches like these are especially effective at conserving resources, DPP pilot projects geared towards use cases should focus on these ‘middle R strategies’.
- **Active engagement of MSMEs:** MSMEs in the circular economy should be actively involved in pilot projects whenever possible. This may entail proactively approaching individual businesses, as they often otherwise overlook tendering opportunities.
- **Broad transfer effect:** Pilot projects should be designed so that their outcomes can be transferred to other businesses and sectors to achieve the widest possible impact.

There is also a need for **targeted communication** that informs **specific target groups** about the potential that DPPs offer for circular economy business models:

- **Practical examples and success stories:** Concrete practical examples should be compiled in such a way that the business advantages and potential are clear, and experiences from the implementation process can be used by other MSMEs.<sup>7</sup>
- **Prepare content for specific target groups:** Communication should be tailored to specific sectors or roles within the circular economy (e.g. repair, refurbishment, or recycling businesses). Recognised stakeholders in these sectors, such as craft chambers, should be empowered and supported to provide information about DPPs in this way. The first step should be to target businesses that can leverage the greatest benefit from DPPs in the circular economy.
- **Low-threshold formats and proactive support:** The content should be prepared so that it is easily accessible and motivate and inspire others to follow suit – for example, through practical guides, consultations, or peer-to-peer learning opportunities. These should go beyond generalised communication<sup>8</sup> and offer an opportunity to address the specific needs of individual MSMEs. Success stories should be communicated proactively by cooperation partners or the planned DPP Competence Centre (see section 2.7), rather than leaving it to the MSMEs to take the initiative.

<sup>4</sup> Wautelet, T., Ayed, A.-C., 2024, [Exploring possible Digital Product Passport \(DPP\) use cases in battery, electronics and textile value chains](#). CIRPASS Consortium, p. 14 (last accessed: 30 October 2025).

<sup>5</sup> Alcaayaga, A. et al., 2024, [The Digital Product Passport \(DPP\) for the Circular Economy: Recommendations for policy, business and IT](#). CIRPASS Consortium, p. 56 (last accessed: 30 October 2025).

<sup>6</sup> The ‘middle Rs’ refer to the 10R model based on [Potting et al., 2017, Circular Economy: Measuring innovation in the product chain](#) (last accessed: 20 November 2025). The ‘higher R strategies’ are aimed at conserving resources through lower consumption, more intensive use, or increased resource efficiency (‘Refuse’, ‘Rethink’, and ‘Reduce’). The ‘middle R strategies’ ensure that products and their components remain in use and in circulation for as long as possible by being reused, repaired, refurbished, remanufactured, or repurposed. The ‘lower R strategies’ are ‘Recycle’ and ‘Recover’ (energy recovery through incineration).

<sup>7</sup> See also UnternehmerTUM GmbH & Bertelsmann Stiftung, 2025, [Circular Economy braucht Leadership – Die entscheidende Rolle interner Champions für den Wandel zum zirkulären Unternehmen](#), p. 11–12 (last accessed: 20 October 2025) and Alcaayaga, A. et al., 2024, [The Digital Product Passport \(DPP\) for the Circular Economy: Recommendations for policy, business and IT](#). CIRPASS Consortium, p. 57 (last accessed: 30 October 2025).

<sup>8</sup> UnternehmerTUM GmbH & Bertelsmann Stiftung, 2025, [Circular Economy braucht Leadership – Die entscheidende Rolle interner Champions für den Wandel zum zirkulären Unternehmen](#), p. 12 (last accessed: 20 October 2025).

## 2.2 Targeted support for DPP readiness

### What are the problems?

The smaller businesses in Germany are, the less likely they are to have considered DPPs or implemented measures to prepare for them.<sup>9</sup> The level of digital transformation varies considerably among MSMEs, and so do the conditions for introducing and using DPPs. This applies both to employee skills and to the software and hardware they already use.<sup>10</sup> In the craft sector, for example, which is important for the circular economy, some micro-enterprises in particular are still not particularly digitally proficient. Even in largely digitalised MSMEs, the personnel capacity and expertise required to introduce new software are often very limited.<sup>11</sup> The same applies to processing and preparing data that could potentially be used from DPPs for the applicable business model or that needs to be imported into DPPs.<sup>12</sup> There are fundamental concerns that the introduction, use, and application of DPPs will involve high financial and personnel resources. In a survey conducted by the Federal Environment Agency and the Federal Network Agency, around half of the businesses surveyed said they were worried about high costs.<sup>13</sup>

### Potential solutions

MSMEs that can use DPPs in the circular economy or will be required to record information should be supported in developing the necessary resources for effectively using DPPs.

This should start by **creating the necessary digital fundamentals**. This can be supported, for example, by the following measures:

- **Digitising data management and workflows:** The federal government and the EU should ensure that affordable software packages are available for MSMEs<sup>14</sup>, for example through direct subsidies, grants, or voucher systems, to support the groundwork for DPPs. One example of this is digitising existing data resources and workflows.<sup>15</sup> For instance, if installed replacement parts have already been digitally recorded for invoicing and inventory management purposes, this creates a sound basis for ensuring that registration in the DPP requires no more than one additional click. Cost-effective solutions for data collection and exchange that are suitable for MSMEs, as well as DPPs-as-a-service, should also be made available.<sup>16</sup> The focus should be on open-source offerings so as to avoid lock-in effects with external service providers.<sup>17</sup>

<sup>9</sup> Büchel, J., Neligan, A., 2025, Digital Product Passport. Finding the Right Balance Between Transparency for Circularity and Added Red Tape. *Intereconomics*, 2025, 60 (3), p. 161.

<sup>10</sup> Gupta, M. (Ed.), 2024, [Cross-sector and sector-specific DPP roadmaps](#). CIRPASS Consortium, p. 36 (last accessed: 30 October 2025).

<sup>11</sup> Alcayaga, A. et al., 2024, [The Digital Product Passport \(DPP\) for the Circular Economy: Recommendations for policy, business and IT](#). CIRPASS Consortium, p. 29 (last accessed: 30 October 2025).

<sup>12</sup> *ibid.*

<sup>13</sup> Federal Network Agency and Federal Environment Agency, 2025, [Digitalisierung und Nachhaltigkeit in der unternehmerischen Praxis. Ergebnisse einer Unternehmensbefragung](#), p. 25 (last accessed: 30 October 2025).

<sup>14</sup> Alcayaga, A. et al., 2024, [The Digital Product Passport \(DPP\) for the Circular Economy: Recommendations for policy, business and IT](#). CIRPASS Consortium, p. 56–57 (last accessed: 30 October 2025).

<sup>15</sup> Federal Network Agency and Federal Environment Agency, 2025, [Digitalisierung und Nachhaltigkeit in der unternehmerischen Praxis. Ergebnisse einer Unternehmensbefragung](#), p. 1 (last accessed: 30 October 2025).

<sup>16</sup> Federal Network Agency and Federal Environment Agency, 2025, [Digitalisierung und Nachhaltigkeit in der unternehmerischen Praxis. Ergebnisse einer Unternehmensbefragung](#), p. 1 (last accessed: 30 October 2025).

<sup>17</sup> Alcayaga, A. et al., 2024, [The Digital Product Passport \(DPP\) for the Circular Economy: Recommendations for policy, business and IT](#). CIRPASS Consortium, p. 41 (last accessed: 30 October 2025).

- **Incentive programmes for digitising small businesses:** The federal government and the EU should establish or extend existing incentive programmes that support the basic digitisation of very small businesses and sectors with low digitisation levels, including through target group-specific training and offerings suitable for MSMEs.
- **Developing skills for working with DPPs:** As a general principle, low-cost training and continuing professional development for MSMEs and their employees should be supported to allow them to build the skills they need to introduce and, in particular, use DPPs in the circular economy. In addition to DPP-specific skills, MSMEs should also be provided with an overview of other support offerings and sector- and use case-specific knowledge on circular business models and strategies.<sup>18</sup> The focus should be on practical relevance, with offerings tailored to highly specific target groups (e.g. specialised in specific sectors and/or applications), as generic offerings have shown themselves to be less effective. In this context, well-researched examples demonstrating how DPPs are used in practice for circular business models are also relevant (see also section 2.1).<sup>19</sup>

The following measures should be considered to support the **collection, provision and processing of data** by MSMEs:

- **Implementation of structured boot camps:** Practice-driven boot camps should be offered to support businesses in data collection and in identifying and configuring interfaces to existing data systems. Available data from all departments should be clustered and made usable for DPPs, and solutions should be developed for existing gaps in the data. This is because knowledge about available data and expertise in other departments is low in many businesses.<sup>20</sup> As part of this, advice could also be offered on how to identify potential DPP opportunities within the business (see section 2.1). As a follow-up to the compact boot camps, providers should plan for a longer-term feedback and learning process.
- **Consulting services:** Wherever possible, consulting services and skills development measures should be provided through established stakeholders for MSMEs in order to ensure high visibility. Examples include craft chambers, industry associations, chambers of commerce and industry, and existing support programmes for MSMEs.<sup>21</sup> Train-the-trainer programmes should also be used to safeguard the high quality of the offerings in the long term.

## 2.3 Supporting circular economy applications

### What are the problems?

Providers who process data from DPPs for specific target groups and applications, for example via apps, will likely play a key role in ensuring that this data is used effectively and appropriately. To enable MSMEs to use DPPs for circular practices, they need applications that meet their needs and applications, and that are intuitive to use. However, there is no guarantee that such applications will be available in sectors dominated by micro- and small enterprises – such as the repair sector – when DPPs are introduced, and at prices that are affordable for MSMEs.

<sup>18</sup> Alcayaga, A. et al., 2024, *The Digital Product Passport (DPP) for the Circular Economy: Recommendations for policy, business and IT*, CIRPASS Consortium, p. 57 (last accessed: 30 October 2025).

<sup>19</sup> UnternehmerTUM GmbH & Bertelsmann Stiftung (2025): *Circular Economy braucht Leadership – Die entscheidende Rolle interner Champions für den Wandel zum zirkulären Unternehmen*, Munich/Gütersloh, p. 13–14.

<sup>20</sup> Alcayaga, A. et al., 2024, *The Digital Product Passport (DPP) for the Circular Economy: Recommendations for policy, business and IT*, CIRPASS Consortium, p. 40 (last accessed: 30 October 2025).

<sup>21</sup> Gupta, M. (Ed.), 2024, *Cross-sector and sector-specific DPP roadmaps*, CIRPASS Consortium, p. 50 (last accessed: 30 October 2025).



## Potential solutions

Steps should be taken to ensure that suitable, user-friendly and cost-effective applications for using DPP in the circular economy are available to MSMEs:

- **Promote application- or sector-specific DPP apps and software:** Development of easy-to-use, accessible, cost-effective applications for circular business models should be promoted. Examples include apps that enable repairers to register replacement parts and view error messages on site, as well as software solutions that automatically provide second-hand platforms with well-organised, relevant information for reselling products from DPPs. To avoid lock-ins, the focus here should again be on open-source models.<sup>22</sup> Applications like these are essential for MSMEs to be able to use DPPs to conserve resources.
- **Targeted funding programmes for automating circular strategies:** Targeted funding programmes should be established to support the increasing automation of medium R strategies (see footnote 6) using DPPs, for example through start-up financing.
- **Strengthen the user-friendliness of DPP applications:** To date, the user-friendliness of DPP applications for MSMEs has been a largely overlooked aspect, even though it is a key factor that determines the degree to which DPPs are used. The situation is similar when it comes to user-friendliness for consumers. User experience designers should therefore be involved in the development process.
- **Make it easier for the secondary market to enter data:** The European Commission should use its delegated acts to make it as easy as possible for secondary market stakeholders (e.g. repair shops, second-hand dealers, recycling businesses) to update and enter data in DPPs. This aspect has also been largely overlooked up to now, as the focus on how to keep the effort involved in DPP data management to a minimum has currently been on manufacturers and distributors of products, rather than on repair or refurbishment businesses.

## 2.4 Ensure data access for MSMEs in the circular economy

### What are the problems?

Compared with large manufacturing companies, MSMEs that are at the forefront of the circular economy have significantly fewer resources and opportunities to contribute to the design of DPPs. Among other things, this is why the extent to which data that would actually simplify their circular processes will have to be entered into DPPs in future in a form that is suitable for them remains unclear.

Moreover, not all information stored in DPPs will be publicly accessible. The need-to-know principle will apply to sensitive information: only stakeholders who need specific information in the DPP – for example, to resell or recycle a product – will be given access to it. However, there is still uncertainty about how businesses can qualify or register for access to such restricted DPP information. There is a risk that the structure of these processes will be too complex for MSMEs.

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<sup>22</sup> Alcayaga, A. et al., 2024, [The Digital Product Passport \(DPP\) for the Circular Economy: Recommendations for policy, business and IT](#). CIRPASS Consortium, p. 41 (last accessed: 30 October 2025).

## Potential solutions

The need-to-know principle should be made MSME friendly. The following aspects are key to this:

- **Accessible qualification processes:** The qualification process threshold for accessing restricted data must be low and, where possible, build on existing approval or certification procedures. The European Commission should stipulate this in the implementing acts for the Ecodesign Regulation. The definition of authorised stakeholders should be inclusive and not create new silos – for example, when it comes to the question of who is considered a repair business. Where applicable, highly simplified qualification processes should be provided for micro- and small enterprises without compromising data security.
- **Reducing administrative hurdles through single qualification:** It is currently unclear who will be able to authorise access to restricted data in DPPs in future – i.e. who will manage the ‘keys’ to data access. One key challenge will be to ensure that repair or recycling businesses, for example, do not need to prove their qualifications to each manufacturer individually or to apply to each manufacturer for access. The European Commission’s delegated acts must ensure that a single qualification is sufficient to access the corresponding data categories for products from all manufacturers. If not, this red tape could outweigh the potential benefits of DPPs for many MSMEs.
- **Mandatory recording of relevant data:** It should be ensured that information that is important for MSME-dominated sectors of the circular economy must be recorded in DPPs. This includes repair-related data such as dismantling instructions or exploded drawings, as well as information on patents and other intellectual property rights relating to the product.
- **International integration of DPPs:** It is especially important for MSMEs that DPPs become internationally integrated – meaning that DPP-related standards apply internationally as far as possible and that interfaces exist between EU DPPs and planned systems in other countries to enable data exchange. Since MSMEs have less market power than large corporations when it comes to requiring suppliers from non-EU countries to provide and process relevant data, international compatibility of the system is particularly crucial for them.

## 2.5 Ensure rapid clarification and clear communication of regulatory requirements

### What are the problems?

The existing uncertainties surrounding the regulatory framework for the introduction of DPPs are unsettling market stakeholders. Product group-specific details, technical issues and standardisation aspects are currently still being clarified at EU level and in standardisation committees. The European Commission is initially planning to define the details for just six product categories within five years. The recycled content and recyclability of electrical and electronic equipment are also expected to be determined, and general requirements for the reparability of several product groups will be established at the same time <sup>23</sup>.

This sluggish approach is causing considerable uncertainty among MSMEs about the future potential of DPPs and the general conditions for investment and business decisions. For example, businesses are faced with the question of whether they should already be investing in automation

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<sup>23</sup> European Commission, 2025, Communication from the Commission. Ecodesign for Sustainable Products and Energy Labelling Working Plan 2025–2030 (COM(2025) 187 final), p. 6–8.

solutions or whether these automation solutions can be developed much more easily and cost-effectively in future based on data from DPPs. This uncertainty is currently resulting in some investments being questioned.

In addition, a number of fundamental questions are still unresolved, such as whether ‘energy-related products’ should be provided with a DPP in future, or whether the European Product Database for Energy Labelling (EPREL) should be used for these products instead. EPREL is viewed as not particularly user-friendly, does not store product-specific information, and has significantly lower data quality requirements. Because of these drawbacks, EPREL cannot deliver on the potential for the circular economy that is expected from DPPs.<sup>24</sup> This means that it is still unclear whether electrical and electronic equipment will be provided with DPPs across the board, even though this product group is considered to have great potential for increasing recycling using DPPs.<sup>25</sup>

On top of these regulatory uncertainties, communication is often seen as being vague: At events on DPPs, it is often not clear whether the discussion is about future, mandatorily regulated DPPs, or private-sector initiatives and pilot projects, and how these are connected. Additionally, MSMEs often lack an opportunity to ask questions at information events organised by the European Commission, or a point of contact to clarify case-specific questions.

## Potential solutions

The following measures should be implemented to reduce uncertainty and misunderstandings at MSMEs about DPPs:

- **Development of delegated acts:** Development of delegated acts based on the Ecodesign Regulation that will also be used to define product-specific provisions for DPPs should be accelerated. To achieve this, the relevant personnel capacity at the European Commission should be expanded and greater emphasis should be placed on horizontal requirements, including those relating to DPPs – meaning requirements that are simultaneously introduced for multiple product groups. This will allow regulatory uncertainties to be countered.
- **Proactive, transparent communication:** Both the European Commission and national governments should be more proactive when it comes to providing information about the status of the regulatory regime for DPPs: what has already been decided, which issues are still being negotiated, by whom and by when, and when can greater clarity be expected? EU processes should be understandable without prior knowledge of EU legislative procedures. Deadlines should be communicated in MSME-specific communication formats from the perspective of those who have to implement them.
- **Target group-specific information formats:** Instead of generic materials, communication formats should be selected that distinguish, for example, between the sector and use-case (e.g. production, distribution, repair, recycling) of the DPP. Such target group-specific formats for regulatory issues should be linked to information on potential applications in the circular economy (see section 2.1).
- **Contact points for DPP-related enquiries:** The European Commission and the federal government should create formats that allow questions about DPP-related regulatory issues to be clarified, for example through help desks or consultations. At federal level, these formats can be located at the planned Competence Centre (see section 2.7).

<sup>24</sup> Durand, A. et al., 2022, [Enhancing evaluations of future energy-related product policies with the Digital Product Passport](#) (last accessed: 30 October 2025). European Commission, 2025, Communication from the Commission. Ecodesign for Sustainable Products and Energy Labelling Working Plan 2025–2030 (COM(2025) 187 final), p. 13.

<sup>25</sup> Rückert, A., Cradle to Grave? [The Impact of Digital Product Passport on E-Waste Management](#) (last accessed: 30 October 2025).

## 2.6 Simplifying reporting requirements using DPPs

### What are the problems?

One of the reasons MSMEs are sceptical about DPPs is that they are worried that the introduction of DPPs could lead to greater red tape and additional reporting requirements.<sup>26</sup> Small businesses in particular, for example those that repair or refurbish products, are concerned about any increased effort per product, which they cannot factor fully into the price of their services due to the already comparatively high repair costs compared with new products.

### Potential solutions

To address concerns about additional costs arising from DPPs, the following measures can be taken in addition to proactively communicating the potential of circular business models:

- **Automate reporting requirements to simplify them as much as possible:** To keep reporting requirements that may arise from DPPs simple, MSMEs should be supported in collecting data, as described in section 2.2. Applications based on DPPs (section 2.3) are pivotal for automating reporting obligations as much as possible.
- **Data standardisation:** A large part of the effort, particularly in the supplier and services sector, is not caused by the regulatory requirements themselves, but by the fact that MSMEs have to prepare similar data individually for each customer in the form requested by the customer. In the medium term, standardising data in DPPs can reduce this additional effort and avoid duplicate reporting requirements.
- **Use DPP to pool reporting obligations:** Based on this standardised data, DPPs should be used as an interface to pool reporting obligations, simplify them for all parties involved, and prevent duplicate reporting obligations. All product-related reporting obligations arising from EU or national regulations should therefore be reflected in the DPPs. DPPs are intended to serve as a general mandatory reporting tool, and not merely to contain data that is required under the regulations introducing them (in particular the Ecodesign and Battery Regulations). For this to succeed, interoperability with existing databases (e.g. SCIP, REACH, or EPREL) must be ensured when the DPPs are implemented so that all the data only has to be entered once. In the medium term, consideration could also be given to developing DPPs into a one-stop tool for product-related data from which other databases would be fed automatically.

## 2.7 Coordinate existing initiatives and safeguard knowledge transfer

### What are the problems?

There are already numerous initiatives, pilot projects, and businesses that aim to offer services related to DPPs. New initiatives and programmes often address issues that are already being dealt with (at least in part) by existing initiatives. However, knowledge transfer between initiatives and to policy-making processes related to DPPs is often inadequate.

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<sup>26</sup> Federal Network Agency and Federal Environment Agency), 2025, [Digitalisierung und Nachhaltigkeit in der unternehmerischen Praxis. Ergebnisse einer Unternehmensbefragung](#), p. 26 (last accessed: 30 October 2025).

## Potential solutions

The Competence Centre for DPPs announced in the National Circular Economy Strategy should assume the following tasks to improve coordination and knowledge transfer:

- **Central point of contact:** It should consolidate questions and concerns relating to DPPs in Germany and be responsible for knowledge transfer and communication (see e.g. sections 2.1 and 2.5).
- **Clustering and synergies:** The Centre should cluster projects and initiatives, identify gaps, and make recommendations on where priorities should be set in future funding programmes and decisions. It should also actively encourage and support synergies between existing projects.
- **Analyse findings:** Findings from existing projects and initiatives should be pooled and analysed both for DPP-relevant bodies, such as the Ecodesign Forum, or standardisation processes, and for target groups such as MSMEs, academic researchers, and civil society.
- **Include under-represented groups:** The Competence Centre should also proactively seek out the views of groups that are mostly under-represented in existing participation formats. This often applies to MSMEs, which are pioneers in the circular economy but do not have the capacity to proactively engage in political processes, as well as civil society stakeholders and academic researchers.

## 3 Summary of conclusions

We are recommending that the federal government and the European Commission should take the initiative in seven action areas to enable MSMEs to use DPPs in the circular economy and to conserve resources:

1. **Practice-based demonstration of the potential for the circular economy:** The potential inherent in DPPs for circular business models should be demonstrated more frequently from a practical perspective. Corresponding application options for MSMEs should be made more accessible through guidelines and similar tools.
2. **Support digital transformation and data management:** MSMEs should be supported in both digital transformation and data collection and management to lay the foundations for the introduction and use of DPPs.
3. **Support sector-specific applications:** The benefits of DPPs depend on (sector-specific) applications that utilise data relevant to the specific MSMEs in such a way that they support circular strategies. Efforts should be made to encourage the provision of such applications and to ensure that MSMEs can afford them.
4. **Straightforward data access for MSMEs:** Measures should be taken to ensure that MSMEs in the circular economy can easily and efficiently access the data from DPPs that they need to implement circular practices.
5. **Eliminate regulatory ambiguities:** Any remaining regulatory ambiguities in the introduction of DPPs should be quickly eliminated by speeding up the development of the European Commission's delegated acts. In addition, communication about the political roadmap should be tailored to the target groups.
6. **Simplify reporting requirements:** DPPs should be developed into a tool that simplifies and pools reporting requirements and renders duplicate reporting requirements superfluous.
7. **Coordinate existing initiatives and knowledge transfer:** Synergies from the numerous existing initiatives, pilot and research projects on DPPs should be reinforced, for example via the planned Competence Centre. There needs to be a mechanism to ensure knowledge transfer from these projects to policy-making processes on DPPs and to MSMEs in the circular economy.

The timing of these measures may be crucial: Whereas most of the measures mentioned above already make sense, it may be advisable to wait until the implementation date is closer and more details are known before launching a large-scale communication initiative to convince MSMEs of the benefits of DPPs. The reason is that only then will DPPs become relevant in everyday practice for MSMEs in the circular economy.

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