Return Point Exemptions Criteria

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INTRODUCTION

The Deposit Return Scheme legislation requires of groceries retailers who sell in scope deposit-bearing beverage containers to accept returns from consumers and refund their deposits. A comprehensive network of accessible return points across England, Northern Ireland and Scotland is needed to achieve the return rates of 90% of all in scope products placed on the market by 2030.

Recognising that a uniform approach may place disproportionate operational and financial burdens on certain categories of groceries retailers, the scheme includes exemption criteria that balance

environmental objectives with practical business realities. The exemption framework is built on transparent, measurable criteria; primarily retail floor area, that allows these groceries retailers to easily self-assess their obligations while maintaining the scheme's core goal of achieving high collection rates and environmental benefits. This document sets out the exemption criteria, measurement methodologies, application processes, and ongoing obligations to provide clarity for all groceries retailers operating within the scheme.

Any non-automatic exemption may be reviewed at any time by Exchange for Change. Under the England & Northern Ireland regulations, exemptions are valid for a period of 3 years. Under the Scottish regulations, exemptions are subject to review by Exchange for Change at any time.

Exchange for Change will assess and determine return point exemption applications in accordance with the relevant provisions of the Regulations in each jurisdiction. This document sets out the approach that will be applied to support consistent, transparent and evidence-based decision-making, while ensuring that any exemptions granted do not undermine the accessibility of return points, return rates or the effective operation of the Scheme.

1. Legal Framework:

England & Northern Ireland: The Deposit Scheme for Drinks Containers (England and Northern Ireland) Regulations 2025

Scotland: The Deposit and Return Scheme for Scotland Regulations 2020 and The Deposit and Return Scheme for Scotland (Designation of Scheme Administrator) Order 2025

1.1 What is the Deposit Return Scheme?

The Deposit Return Scheme (DRS) is a return-to-retail model where groceries retailers who sell beverages in-scope (drinks containers made from PET plastic, Aluminium or Steel, between 150ml and 3 litres) must take back empty containers from consumers.

In-Scope: All single-use bottles and cans for water and beverages (soft & alcoholic drinks) for human consumption, with capacity of at least 150 milliliters but no more than three litres of liquid.

Under the DRS:

- Consumers pay a deposit when purchasing drinks in single-use containers
- The deposit is refunded when the empty container is returned to a return point
- Return points can be manual (over the counter) or automated (reverse vending machines)
- Return Point Operators receive a handling fee for containers collected

1.2 Who Must Operate Return Points?

Only **"groceries retailers"** are required to operate return points, unless they qualify for an exemption.

"Groceries retailers" are defined as:

- Supermarkets (any size)
- Grocery stores
- Convenience stores
- Newsagents which sell groceries.

In Scotland, please refer to the SEPA Website for further information: Information for businesses | Beta | SEPA | Scottish Environment Protection Agency

1.3 Groceries Retailer Obligations Under DRS Include:

Under the UK DRS Regulations, groceries retailers are obligated to:

- Register with Exchange for Change if not automatically exempt.
- Only market, offer for sale, or sell to consumers in-scope drinks from producers registered with Exchange for Change.
- Ensure that all drinks sold carry the scheme return code and DRS logo.
- Charge a deposit for each scheme article marketed, offered for sale, or sold to customers.
- Take back every in-scope container returned by a consumer.
- Refund the deposit to consumers.
- Store returned containers for collection by Exchange for Change.
- Display information about how the scheme works.
- Provide information on how to complain and how to contact Exchange for Change.
- However, certain groceries retailers can apply for, or are automatically granted, an exemption from the obligation to host a return point.
- If not obligated to operate a return point, they must display information on how a deposit can be redeemed

2. Exemptions

All groceries retailers in an urban setting (see 2.2 below) under 100m² retail space are automatically exempt from operating a return point and do not need to register with Exchange for Change.

Grocery retailers under 100m² in urban locations are automatically exempt from operating a return point, but may voluntarily opt in. To do so, these groceries retailers must register via the Registration Process and indicate their intention to operate a return point.

Any groceries retailer not automatically exempt must register with Exchange for Change. Groceries retailers in an urban or rural location may apply for an exemption if criteria laid out in section 3 are met.

2.1 Definition of Retail Space

"Retail space" means a customer-facing retail area. In relation to a shop, it means the internal floor area of the shop excluding any area not used for the retail sale of products or for the display of such products for retail sale.

Areas not normally accessible to customers (such as dedicated storage areas, office areas, or back-of-house facilities) are excluded from this measurement.

2.2 Definition of Urban Area

England: Areas classified as urban by reference to the "2011 Rural Urban Classification of Output Areas" published by the Office for National Statistics on 13 September 2011.
Northern Ireland: Areas classified as urban by reference to the "Urban-Rural Classification 2015" published by the Northern Ireland Statistics and Research Agency on 20 January 2017.
Scotland: "Urban" means an area which is classed either as a large urban area (class 1) or as any other urban area (class 2) by reference to the document titled "Scottish Government Urban Rural Classification 2020" published by the Scottish Government on 31 May 2022(2).".

2.3 Summary

Retailer Size	Location	Registration Required?	Return Point Obligation	Exemption Available?
Under 100m²	Urban	**No – Automatically Exempt**	No obligation to operate a return point	N/A – Automatic exemption applies
Under 100m²	Rural	**Yes – Must Register**	Must operate a return point	**Yes – May apply if criteria in Section 3.1 or 3.2 are met**
100m² and over.	Urban or Rural	**Yes – Must Register**	Must operate a return point	**Yes – May apply if criteria in Section 3.1 or 3.2 are met**

2.4 Obligations for Groceries Retailers Applying for Exemptions

You **must** display the following information clearly and accessibly at your premises:

- A statement, which will be provided by Exchange for Change, that you are not required to operate a return point
- Must display information of nearest return point and how the deposit can be redeemed (a locator, such as a QR code, to help customers find alternative return points will be provided by Exchange for Change).
- The reason why an exemption is in place (e.g., "This store is less than 100m² ")
- A statement as to how information about the exemption can be obtained (England & Northern Ireland ONLY)

2.5 Obligations for Groceries Retailers who are Automatically Exempt

- Must display information on how the deposit can be redeemed.

Further details and the required notice will be issued by Exchange for Change in early 2027.

3. APPLICATION-BASED EXEMPTIONS FOR GROCERIES RETAILERS

Exemptions will be granted only where Exchange for Change is satisfied that the criteria set out in the Regulations are met.

If you are a groceries retailer and **do not** qualify for the automatic exemption, you can apply to Exchange for Change for an exemption under the following categories:

3.1 Proximity-Based Exemption

Proximity exemptions will be granted if adequate coverage within reasonable proximity is available, and Exchange for Change is satisfied that those premises are willing to accommodate the increased volume, based on an assessment against the criteria set out in this section.

3.1.1 Definitions

For the purposes of this section, the following definitions apply:

Groceries retailer is as defined in section 1.2

Return point means an approved DRS return facility, whether manual or reverse vending machine (RVM), that is open to the public.

Same settlement means a contiguous built-up area, as designated within the relevant settlement boundary defined by the local authority, the Office for National Statistics (ONS), or the Scottish Government urban-rural classification, as applicable.

Normal grocery trip: means the trip during which households typically purchase a basket of food and household essentials, evidenced by reference to store type, product range, and local usage patterns.

Catchment area means the geographic area from which a groceries retailer would reasonably expect to draw the majority of its customers, having regard to local geography, settlement patterns, and available transport links.

Catchment return hub means a return point operated by a groceries retailer which has not been granted exemption and is designated by Exchange for Change as the primary facility for the return of scheme articles on behalf of one or more exempt groceries retailers within the same catchment area.

Normal grocery corridor means the route or routes typically travelled by consumers during a normal grocery trip, having regard to the location of food and drink retail premises, transport infrastructure, and established patterns of consumer movement in that area. For the avoidance of doubt, this does not require the corridor to follow a single defined route and may encompass more than one reasonable travel path between the exempt premises and the anchor return point.

Reasonable proximity means a distance or travel time that would not place an unreasonable burden on consumers wishing to return scheme articles, assessed by reference to the typical travel modes available in the relevant catchment area. No fixed distance threshold is prescribed; Exchange for Change must exercise judgement having regard to the nature of the area, the availability of public and private transport, and the reasonable expectations of consumers in that location.

3.1.2 General Principle

The default duty to operate a return point applies to all rural groceries retailers of any size and urban groceries retailers with a retail space of 100m² and above.

Proximity-based exemptions are available only to urban groceries retailers with a retail space of above 100m² and rural groceries retailers of any size. The conditions set out below outline the requirements to apply for this exemption.

Exemptions are not automatic and must be assessed against the relevant criteria for the groceries retailer's location. An exemption will only be granted where Exchange for Change is satisfied that adequate provision for consumers is maintained through a designated catchment return hub.

In all cases, Exchange for Change will ensure that granting an exemption does not result in a reduction in reasonable access for consumers or negatively impact the achievement of scheme collection targets.

3.1.3 Exemption Conditions

A groceries retailer may apply for an exemption from the duty to operate a return point where Exchange for Change has designated a catchment return hub serving that groceries retailer's catchment area.

To qualify, all the following conditions must be met:

1. **Catchment return hub** – there must be a non-exempt return point located within the same settlement or along the normal grocery corridor serving that catchment;
2. **Proximity** – the catchment return hub must be within reasonable proximity of the exempt premises, having regard to the groceries retailer's location classification as set out in the Urban, Rural and Remote sections below;
3. **Capacity and opening hours** – the catchment return hub must provide capacity and opening hours proportionate to the number of exempt premises assigned to it; and

3.1.4 Urban Areas

In urban areas, a groceries retailer with a retail space of above 100m² may apply for an exemption where:

- a designated catchment return hub meeting the conditions above is located within reasonable proximity, having regard to the availability of public transport, walking routes, and other typical travel modes in the area; and
- the catchment return hub is accessible during hours that reasonably reflect the trading patterns of the exempt premises and the needs of consumers in that catchment.
- an exemption under these criteria should not reduce consumer access to return points.

3.1.5 Rural Areas

In rural areas, a groceries retailer may apply for an exemption where:

- a designated catchment return hub meeting the conditions above is located within reasonable proximity, having regard to the greater distances typically travelled by consumers and the more limited availability of public transport; and
- the hub is accessible during hours that reasonably reflect the trading patterns of the exempt premises and the needs of consumers in that catchment.

Exchange for Change must give particular consideration to the potential impact on consumer access in rural catchments. Where the applying groceries retailer represents one of a small number of groceries retail premises in the area, Exchange for Change must be satisfied that consumers will retain practical and convenient access to a return point facility.

Note: References to rural-urban classifications are as defined by relevant national authorities. Where a groceries retailer's location falls on the boundary of two classifications, Exchange for Change shall determine the appropriate classification having regard to the predominant characteristics of the catchment area.

3.1.6 Additional Limiting Conditions - Applying to proximity-based exemptions only

I. Settlement Safeguard

An exemption will not be granted where granting the exemption would leave the settlement without a compliant catchment return hub.

II. Proximity to Alternative Return Point

An exemption is only valid where a compliant alternative return point exists within reasonable proximity of the premises and is open during normal grocery hours.

Reasonable proximity means a distance or travel time that would not place an unreasonable burden on consumers wishing to return scheme articles, assessed by reference to the typical travel modes available in the relevant catchment area. No fixed distance threshold is prescribed.

Exchange for Change must have particular regard to the location classification of the premises (urban, town, rural, or remote) as defined within the relevant national urban-rural classification, with greater weight given to consumer access challenges as the degree of rurality increases.

If the alternative return point closes or ceases to be compliant, the exemption will be reviewed.

III. Time Limitation

All exemptions granted under this section are subject to the following conditions:

- may be reviewed at any time
- to be renewed after 36 months in **England and Northern Ireland**; and may be revoked at any time.
- requirement for updated evidence on renewal.

IV. No Blanket or Chain Exemptions

Applications must be site-specific. An applicant may not rely on corporate policy or a group-wide assessment as grounds for exemption. Each premises must be assessed individually.

3.2 Premises-Based Exemption

You may qualify if: It is not possible or not reasonable to host a return point due to characteristics of your premises.

3.2.1 General Principle

An exemption under this section will only be granted in exceptional circumstances where genuine, site-specific constraints are evidenced to the satisfaction of Exchange for Change.

This exemption:

- is not automatic;
- must be applied for;
- is granted only following case-by-case assessment, taking into consideration location, layout, size, design, or construction of the retail premises;
- granted exemptions are subject to renewal every 36 months in **England and Northern Ireland**; and may be revoked at any time.

- granted exemptions in **Scotland** are subject to review at any time.

3.2.2 Threshold Test

An exemption may only be granted where the applicant demonstrates all of the following:

1. a material and site-specific constraint under one or more of the qualifying grounds set out below;

2. that refusal would require structural or operational alteration that is unreasonable.

Failure to satisfy any one of the above conditions may result in refusal.

3.2.3 Qualifying Grounds

Where Location, Layout, Size, Design, or Construction of the retail premises does not permit, or cannot be reasonably altered to permit, the operation of a return point on the premises.

Location

An exemption may be considered where the applicant can demonstrate that the location of the premises does not permit the operation of a return point.

The applicant must provide any requested evidence to support this application.

Layout

For example, an exemption may be considered on grounds of space constraints where:

- installation would materially compromise emergency egress routes, as certified by a competent fire assessor;

- the premises has no back-of-house storage

The applicant must provide scaled floorplans and independent verification of the circulation impact.

Size

In urban areas, a groceries retailer with a retail space of between 100m² and 199m² may apply for an exemption based on size.

In rural areas, a groceries retailer with a retail space below 200m² may apply for an exemption based on size.

Whilst groceries retailers with a retail space above may apply for an exemption based on size, there is a presumption against granting an exemption to those greater than or equal to 200m²

Design

An exemption may be considered on building design or heritage grounds where:

- the premises is formally listed or located within a protected building; and
- the required structural works would be likely to be refused planning or listed building consent, supported by written planning advice; or
- load-bearing or service yard limitations prevent safe installation.

The following do not qualify: aesthetic objections; minor façade changes; planning uncertainty without written indication from the relevant authority; or cost alone.

Construction

An exemption may be considered on grounds of utilities or services constraints where:

- a verified power supply cannot support an RVM, and upgrade would require network reinforcement beyond the curtilage of the premises; or
- ventilation constraints make internal storage non-compliant and no external solution is possible.

The applicant must provide confirmation from the utility provider and an electrical capacity report.

The following do not qualify: minor electrical upgrade costs; temporary works; or meter relocation inconvenience.

3.2.4 Evidential Requirements

All applications for exemption must include the following documentation. Incomplete applications will be automatically refused:

- The information to be contained in and application for a return point exemption is as follows:
- The name (including business name) of the groceries retailer making an application for a return point exemption.
- The address and telephone number of the registered or principal office and the premises of the groceries retailer.
- Where the groceries retailer is a company, the company registration number as kept by Companies House, if applicable.
- The name and telephone number of a contact person for the groceries retailer, and, where available, an email address for that groceries retailer.
- Where the groceries retailer is a partnership, the names of all the partners.
- Information about the location of the alternative return point, if the application is being made under regulation proximity criteria.

- The specified information, if the application is being made under premises criteria, is information to demonstrate that the location, size, layout, design, or construction of the retail premises does not permit, or cannot be reasonably altered to permit, the operation of a return point on the premises.

3.2.5 Revocation

Exchange for Change may revoke an exemption, within either the premises or the proximity criteria, at any time where any of the below apply:

- There is a material change in relation to any of the circumstances under which the exemption was granted
- At the request of the exemption holder

Revocation will be carried out in accordance with the regulations and will include written notification, the reasons for the decision, and, where applicable, the opportunity for the groceries retailer to make representations and to request a review.

4. Other Outlets

4.1 Hospitality Venues (HORECA)

Hospitality venues in **England and Northern Ireland** are not required to apply for formal exemptions from return point obligations, operate public return points, or accept returns from the general public.

In **Scotland**, a hospitality retailer is defined as a retailer that sells a scheme article for the purpose of its consumption on the premises of sale. There is no obligation for hospitality retailers to charge a deposit or operate a return point. There is an obligation to retain all scheme packaging for collection by Exchange for Change.

4.2 Online Retailers

Online groceries retailers have no mandatory obligation to operate return points.

Online retailers may voluntarily choose to register as takeback service providers to collect empty containers from customers at the point of delivery. This voluntary service is particularly encouraged to support housebound, elderly, or disabled customers who may have difficulty accessing public return points.

4.3 Vending Machine Operators

Vending machine operators have no obligation to provide return points for the public.

Vending machine operators must display a notice or sticker on each vending machine that clearly states deposits are charged, provides information on the nearest return point location, and includes a QR code that customers can scan to locate nearby return points. Exchange For Change will share more information on accessing the QR code in late 2026.

4.4 Faith-based Exemptions

Groceries retailers who do not sell alcohol for reasons of faith or belief will be able to refuse returns of containers of alcoholic drinks.

5. TERMINOLOGY

To help you navigate different documents, here are the key terms:

Term	Meaning
Groceries retailer	Supermarkets, grocery stores, convenience stores, newsagents (only these must operate return points unless exempt)
Deposit items (England/NI)	Drinks containers included in DRS
Scheme articles (Scotland)	Drinks containers included in DRS (same as deposit items)
Scheme administrator	Exchange for Change
Return point	Place where containers are returned (manual or RVM)
Return point exemption	Exemption from operating return point (for groceries retailers only)
Limited retail space	Less than 100m²
Urban area	As per official government classifications
Hospitality/HORECA (In England and Northern Ireland)	Includes Hotels, Restaurants, Cafes, Pubs (hospitality/on-trade sector)
Hospitality (In Scotland)	A retailer that sells a scheme article for the purpose of its consumption on the premises of sale.
RVM	Reverse Vending Machine