ECOS response to the inception impact assessment on
the Sustainable Products Initiative

A step forward

ECOS welcomes the Commission's intention to make sustainable products and circular business models the norm by transferring the principles of ecodesign to all products entering the Single Market. Sustainable products that enable more sustainable consumption patterns are a necessary step towards an absolute reduction in resource use and their environmental impacts.

The Inception Impact Assessment highlights the main focal points to shape sustainable products:

- Ability to deliver the service they are designed for in an energy and resource efficient way;
- Circularity, with a special focus on durability, reparability, recyclability, absence of hazardous substances and potential for waste prevention;
- Low environmental footprint, looking at carbon, material, water and land footprint, sustainability of sourcing and manufacturing;
- Transparency on materials and chemicals products contain, as well as social aspects (e.g. through digital product passports)
- Reinforcing environmental assessment tools for an improved market surveillance system.

For sustainable products to become the norm in the EU, the primary focus of the regulator must be on **removing unnecessary, inefficient, toxic, wasteful and polluting products from the EU market**, complemented with (and not driven by) better consumer information as is currently the case with the Ecodesign and Energy Labelling frameworks for energy-related products.

There is a need to define and assess ambitious policy options that will best achieve the objectives of the initiative. An ambitious set of legal requirements supported by appropriate technical standards should enhance the design and manufacturing phases of products, and dramatically increase their potential to be reused, repaired and recycled, as well as improve the information to be conveyed to consumers and stakeholders across the value chain, including when it comes to the tracking of substances of concern. The Commission's intentions need to materialise into ambitious legislative tools based on comprehensive and clear methodologies to ensure measurability, enforceability and comparability among products and services, but also to address trade-offs between different sustainability parameters.

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To transition towards a truly circular economy, **products also need to be used and consumed in a more sustainable way**. This entails that decision makers also need to evaluate accompanying measures to the Sustainable Products Initiative (SPI) as part of sector specific legislation or overall targets, such as for example material footprint targets, dedicated bans, EU rules for setting mandatory minimum sustainability requirements on public procurement of products, VAT exemptions and tax levies for products and services to be privileged.

Designing a Sustainable Products Initiative that delivers

In order to provide the basis for ensuring high environmental performance of all products on the EU market, we urge the European Commission to take the following asks into account:

1. Enlarge the scope of the SPI to all key product groups

Although explicitly mentioned in the Circular Economy Action Plan, key sectors such as **batteries, packaging and construction products** have disappeared from the scope of the SPI. For these sectors, the EU policy approach is now less clear. We believe that the SPI has been launched with the ambition and potential to cover the sustainability of all key sectors through a coherent approach. To this end, all sectors with significant impacts on the environment should be addressed by a generic policy that will act as a sustainability and circularity enabler, combined with complementary sector-specific policies when necessary.

2. Expanding Ecodesign: building on experience

We welcome the Commission's intention to broaden the scope of the Ecodesign Directive 2009/125/EC to cover a wide range of other sectors, which should be coupled with measures aimed at achieving further energy and resource efficiency gains by energy-related products and services. However, provided that all policy combinations in the upcoming Impact Assessment will include the widening of the scope of the Ecodesign Directive beyond energy-related products, we call on the Commission to build on the lessons learnt in this process, and **not to compromise on any of the elements that have proven successful for energy-related products**, such as governance and broad stakeholder engagement or extensive technical analysis to support decision making.

At the same time, **the issues identified when regulating energy-related products should be effectively tackled**, including addressing the frequent **regulatory delays** associated with limited political priority, the ineffective 'package approach' for the adoption of legislative texts, and the need to increase the resources dedicated to the enforcement of the Regulation at both EU and national levels. In addition, the self-regulatory initiatives endorsed so far in the form of **voluntary agreements** under the Ecodesign Directive - instead of mandatory requirements - **have generally failed to deliver** on circular economy and climate objectives. They fall short in ambition to constitute a meaningful commitment in reducing the environmental impact of concerned products or to genuinely challenge business as usual and they have not evidenced quicker processes. Furthermore, particular attention needs to be

paid to the **improvement of the methodology** which is the basis for designing the implementing measures. Since the methodology was not sufficiently driven by and meant to assess resource efficiency or circularity aspects, modifications should include, for instance, the **r**einforcement of circular economy aspects such as extended lifetime scenarios, **c**ontinued impacts in embodied energy in products, and moving beyond the least-life cycle cost (LLCC) into a more holistic approach to life cycle costing that encompasses the costs to society and the environment as a whole.

While the focus of the new initiative is on material efficiency, action is necessary to further increase energy efficiency of products, including by expanding the of scope of the Directive to not only products but also services, such as cloud gaming or streaming services.

### 3. Getting the right measures…right

Making sustainable products and services on the European market the norm is the main goal of the sustainable products initiative. To do so, the Commission is rightly considering the introduction of a set of principles and requirements. However, ECOS would like to highlight that such **a horizontal approach to more sustainable products must be complemented by targeted sectoral actions to deliver optimal results** and help address significant environmental issues which are often sector specific.

3.1 Establishing overarching product sustainability principles

We strongly welcome establishing overarching product sustainability principles to ensure that what is put on the European market delivers on climate neutrality ambition and respects planetary boundaries.

A **robust methodology** should be developed to quantify environmental impacts and identify priority actions across the entire product lifecycle. Such a methodology needs to be fit for addressing systemic changes and provide for adequate definitions of functional units to enable adequate comparison of products in a circular economy context, including those that are related to the inner loops of the circular economy such as reuse or sharing systems. To be successful in the implementation of overarching product sustainability principles, it is important to ensure a **coherent approach across sectors** in order to identify worst performers that should be banned from entering the EU market. Then, at the sector specific level, such a generic methodology needs to be supplemented with a sectoral approach to be defined according to the sector's needs and specificities, e.g. overarching MEErP approach and more specific Ecoreport assessment tool under the Ecodesign Directive.

For all sectors alike, measures to address circularity objectives and to reduce environmental impacts of products and services should be explored and follow a real **circular economy hierarchy where value retention is prioritised**, and where prevention strategies to avoid material consumption in the first place are adequately valued. The following reverse pyramid provides an illustration of such a hierarchy:
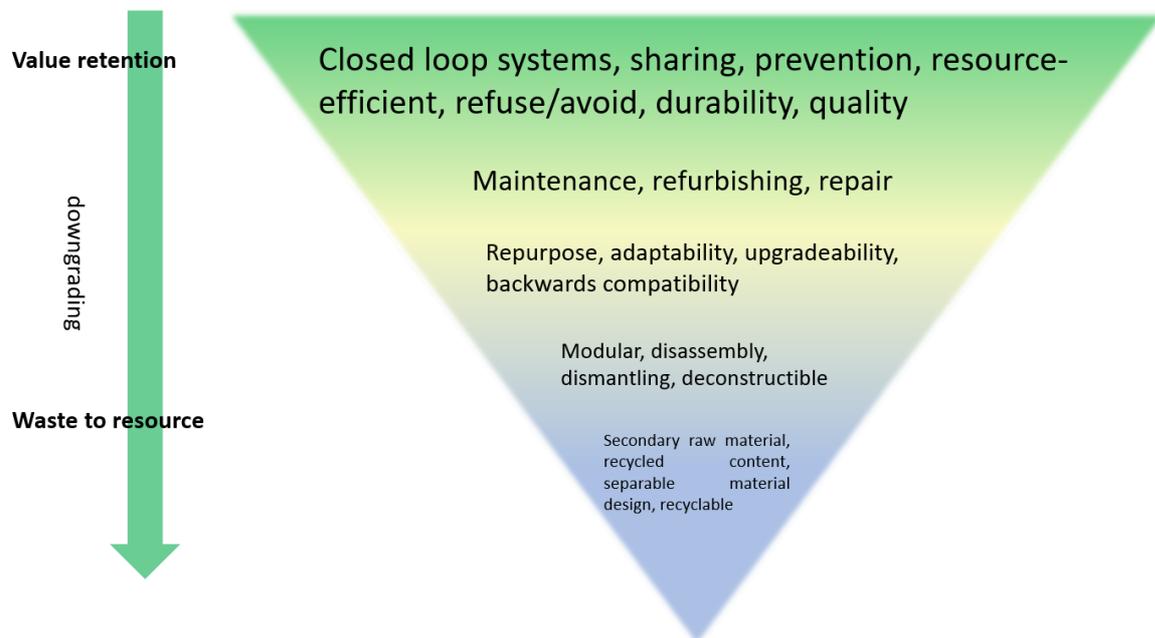
ECOS believes that **a horizontal requirement currently missing from the Commission's outline of overarching product sustainability principles relates to the presence of substances of concern in products.** Designing products free from hazardous substances contributes not only to increasing their potential for re-use, refurbishment, repair and recycling, it also helps protect human exposure to such substances and preserve environmental health. Furthermore, the Chemicals Strategy for Sustainability explicitly seeks to "*minimise the presence of substances of concern in products by introducing requirements, also as part of the Sustainable Product Policy Initiative, giving priority to those product categories that affect vulnerable populations as well as those with the highest potential for circularity* […]". **We therefore urge the Commission to include toxic-free design as an overarching requirement into all sectors of the SPI.**

> **3.2 Establishing EU rules for setting requirements on mandatory sustainability labelling and disclosure of information to market actors along value chains in the form of a digital product passport.**

ECOS supports the **making available of information to all relevant stakeholders across the value chain to improve information flows and therefore decision making throughout a product's lifecycle**. This includes information on a product's origin, material composition, full chemical substance list, product assembly and design, as well as repair, reuse, refurbishment and dismantling possibilities, and end-of-life handling options. Given the quantities of information, maintenance of databases and updating of data this entails, it is indeed sensible to suggest such product passports to be provided in digital form. Where possible, interlinkages to other information systems such as the European Product Registry for Energy Labelling (EPREL), ECHA's database for information on substances of concern (SCIP), and the information system for the pan-European market surveillance (ICSMS) should be built upon.

While consumer information is important to complement minimum requirements and pull the market into the uptake of more sustainable products, we believe sustainability labelling should be approached with caution to avoid being an outlet for greenwashing strategies and to not contribute to end user and consumer confusion with an overflow of information. ECOS however does support the provision of environmental information on key environmental hotspots to consumers **provided it is of demonstrated added value to raise the ambition of certain sectors, and provided the information is environmentally relevant, reliable, understandable, comprehensive, comparable and verifiable**. This can, in part, be addressed through the development of an EU legal framework requiring companies to substantiate claims via the Product Environmental Footprint method; but also through the strengthening of best in class types of labels (such as Type I Ecolabels).

Relating to energy-using products specifically, the already mandatory Energy Label - which complements the Ecodesign requirements for some product categories - should be optimised through the introduction of new categories of environmental information, namely the repairability score.

3.3 Establishing EU rules to make producers responsible for providing more circular products and intervening before products can become waste.

We strongly support the establishment of EU rules to make producers responsible for providing circular products, which in our view corresponds to ensuring the circular economy hierarchy presented above is implemented horizontally, as well as in sector specific legislation. This means that as a priority, EU requirements will **address both products themselves and consumption patterns associated to these products to favour prevention and reuse, and tackle short-lived, badly designed products from the outset.** This for example should result in less accounts of planned obsolescence cases and a drastic reduction in the number of single-use items made available in the EU.

3.4 Measures on production processes, for example to facilitate recycled content or remanufacturing and to track the use of hazardous substances in such processes.

We welcome the Commission's **ambition of improving production processes themselves** as part of sustainable product policy efforts, and support the introduction of recycled content, remanufacturing, as well as similar requirements that impact how products are manufactured in Europe. We would like to highlight however that if recycled content targets are to be introduced and are subject to eventual declaration towards end users in the form of product marking, a clear distinction should be made on whether pre-consumer or post-consumer recyclates are being referred to. To remain in line with EU policy approaches on waste and by-products, only post-consumer recyclates can be eligible for recycled content claims.

Regarding the second element in the proposed measures on production processes, ECOS is in favour of an approach where hazardous substances are not only tracked when used during production processes, but throughout their entire lifespan from their initial formulation and production, onto use in industrial processes as part of particular products, as well as their eventual release at end of life – whether in liquid, solid or gas form.

3.5 Measures to ban the destruction of unsold durable goods.

ECOS strongly supports the introduction of measures that have an upstream impact. We believe this **ban should also cover explicitly the destruction of excess inventory, deadstock and return items**. This ban should cover producers, importers, and distributors, including e-commerce platforms.

This measure not only helps avoid the unnecessary disposal and incineration of products, it provides an excellent signal to move towards more responsible production patterns, helping to slow the pace of new collections and product ranges introduced by certain industries targeted through this proposal, e.g. furniture and textiles, but also consumer goods companies in general.

3.6 Requirements to address social aspects throughout the product lifecycle.

ECOS believes transparency on social, environmental, and human rights aspects throughout the entire product value chain is crucial. The **mandatory disclosure of supply-chain information** can be used to concretely prevent, mitigate, and address human rights and environmental violations. ECOS believes that the Commission should require the highest possible social and environmental standards and strict enforcement of minimum requirements for products placed on the EU market.

The EU could put in place **horizontal due diligence legislation** that applies across sectors, with specific additional requirements for certain high-risk sectors such as textiles and plastics. It should be ensured that the manufacturing process of products to be placed on the EU market is required to meet the same environmental and social standards as manufacturing within the EU.

4. Ensuring effective market surveillance

It is key that the SPI looks into **effective measures aimed at strengthening market surveillance** to ensure the full delivery of the expected environmental benefits. Existing and future product information systems such as the EPREL database (that should be extended to all products covered by Ecodesign), ICSMS and digital product passports should be built to facilitate effective verification of compliance. In addition, options such as the application of fast screening methods to detect products most likely not to comply should be explored, as well as the adoption of effectively dissuasive measures to improve compliance.

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