

## Inception Impact Assessment for Sustainable Product Initiative

We thank the European Commission for the opportunity to provide comments to the IIA on SPI.

We are a working group for the use of Circular Design as a tool to meet the challenges of a Climate neutral industry within the Swedish Government's innovation partnership program. We welcome the EU Commission's action plan on circular economy and the initiative on Sustainable Product Initiative as it has the potential to facilitate a functioning market in Europe for secondary raw materials and circular products as well as increased usage of products. Many Swedish businesses are already at the forefront of changing from a linear to a circular economy and the rest will follow. We would welcome a common ambitious strategy in Europe and wants to take a consultative role in its development. We have only commented on the environmental and financial aspects of the proposed impacts and not the social aspects which are out of our scope of circular design.

Circular design tools are used by many businesses in Sweden and they are already developing and implementing new circular business models. The tools are used in order to provide more circular products and services with definitions as durability, reusability, reparability, upgradability, recyclability and resource and efficiency needs. The producer needs to ensure a sustainable and safe product.

### The group has the following comments and proposal to the IIA

We are positive to the initiative to extend the Ecodesign Directive to a wider range of product groups. We recommend that the requirements in framework of the Ecodesign Directive are used in the new product sustainability directive.

We encourage the **use of circular design principles** and encourages the European Commission to apply the principles to the Eco-design Directive, and the underlying product regulations. This enables to make measurable demands on products and for companies and designers to ensure that the product is as sustainable as possible during its lifespan both up streams and down streams and when disposed.

**1. Build on what exists** and as much as possible shall be regulated in as few laws as possible. We would like to underline the importance to keep in mind that when broadening the scope of the Ecodesign Directive this needs to be done in coherence with existing EU legislation.

Energy efficiency, resource efficiency and minimizing the risks and impacts of chemicals substances on the environment are important objectives in the new product sustainable directive. Policy objectives, policy choices and incentives across all policy areas need to be both clear and consistently implemented, including potentially inevitable trade-offs, to create the market for sustainable circular business models such as for example carpools and opportunities from a life cycle perspective. It is important to create the market through coherent policy objectives throughout all strands of policies. Addressing the **Interface between Chemicals, Products and Waste regulations** is necessary to achieve the ambition of the Commission regarding the environment.

## **2. Ensure that the product sustainability requirements will be harmonized** at EU level.

Through the experience we have until today, a well-functioning internal market will be the basis for circular business models to function internationally. The New Legislative framework should be applied to all product legislation and rules must be harmonized within the EU.

A harmonized regulatory framework within the EU makes it easier for companies to sell products as a service, in order to better reuse and renovate recycled material. Partnerships and collaborations between different actors also benefit from a common regulatory framework in the internal market. Rules that mean that national borders within the EU give different requirements lead to increased bureaucracy and special requirements. This damages the market and hinders the growth of the circular economy. The chemical tax in Sweden is one such example.

As a conclusion we urge policymakers to undertake the following aspects when developing both product and information requirements. A consultation and legislative proposals need to be followed by an impact assessment. And when establishing new legislative requirements, we invite the Commission to apply the “SMERC” principle, that stands for:

- **Specific** – requirements must be considered on a product group-specific basis. Even within the same product group and within individual categories of equipment in our sector, the products and their environmental impact differ significantly, especially depending on ambient and operating conditions.
- **Measurability** – the parameters must be clear to determine, and measurement methods must be accurately defined.
- **Enforceability** – it must be possible to verify and enforce requirements through market surveillance.
- **Relevance** – new parameters and corresponding requirements must be relevant for the environment, the users and relevant even within specific life cycle phase(s). There must be evidence of clear and significant potential for improvement.
- **Competitiveness** – there must be no significant negative impact on the industry’s competitiveness and the competition must be fair.

Policy makers have a responsibility to secure that the regulatory context will support the development without limit healthy business and existing products on the market.

Policymakers need also the follow the developments of circular business models and reduce and eliminate legal obstacles circular material flows.

**3. Standardization of all nomenclature and definitions** in the area of circular economy is needed. For example, definitions as durability, reusability, reparability, upgradability, recyclability and resource and efficiency needs to be defined and adapted based on product type categories in order to consider the purpose, use and lifespan of products. For example, all exact definitions for any circular criteria’s needs clarification. Standards are essential complementing tools to EU legislation for a Circular economy and they enhance the sustainability of products and materials.

**4. There is a need of a holistic view** - all proposed product sustainability requirements must be evaluated through the whole lifecycle to ensure they will lead to more sustainable products. They should also be analyzed in the usage environment for the specific product. The SPI should pinpoint how incentives can be made along the value chain, to attract players to develop business models, re-use models, and upcycling of materials much quicker.

The same sustainable product development “recipe” cannot be applied uniformly across all product types. a policy tool that allows us to incorporate product-relevant differences is needed. Refrain from applying simplified concepts to define sustainable products. Instead, **secure tailor-made product category criteria**.

The design of the principles will be of utmost importance for the future work of the respective business sectors work on product development. Principles needs to be developed per product category as this should be the only way forward. It is therefore crucial that these principles are **discussed at an early stage with the parts involved** to ensure usability for the sector and to make sure they are designed in a way that will produce the desired effect.

**5. We need to watch out for unintended effects** and to make sure that the proposed measures are proportionate to the intended objectives. Policy makers should focus on products that all together stand for a great environmental impact so that the effect of legislation is proportionate. The benefits of product requirements (increased safety / reduced environmental impact / lower energy consumption) must always be weighed against their cost.

The Commission should strive for requirements that will **enable the future adaptive and continuous development** of resource-efficient design. Circular design principles and requirements from them, should be established as a second step to make sure that sub optimization on products will not be the case

We must recognize that different products face different conditions. And we need to have the possibility too choose different innovative solutions. Circular business models based on refurbished products, the use of biobased materials or the use of recycled materials in products are by definition market-based solutions that contribute to making product use more resource efficient and thus more sustainable. Refrain from introducing a mandatory recycled content for a product to be sustainable. **There is no one-size-fits-all solution**.

The legislation shall not prevent the repair of older products. Some concepts have proven to be very difficult to define, such as the lifespan of a product with the term durability. These concepts should not be introduced into legislation until they have been clearly analyzed in terms of their relevance to resource efficiency and relevant contribution to the circular economy.

### Specific comments on “Mandatory sustainability labelling and digital product passport”

In general, we are positive to a standardized **sustainability labelling** to help consumers, public and private procurement make better choices when choosing products or consumables.

To be able to compare products we need comparable data and access to the right information. We would like it to be a science-based tool with uniform criteria to minimize costs for specifically, but not limited to, SMEs.

We must always consider the environmental benefit of uniform labelling and set minimum criteria to avoid greenwashing. It is important that only the information that is meaningful and motivated is communicated to the customers to avoid confusion and extra costs. Given that products have different uses, purpose, this type of information can vary widely. Important aspects are to ensure that the information is reliable and comparable.

Today we have numerous labeling on different environmental and sustainability information to customers. This information is delivered to consumers through a variety of different labels and other tools across the union, making it difficult to choose the best products. This is not only confusing for the customers but is also expensive to companies having to register for many national and international systems in European countries to be on the local markets. The issue of communication sustainability information through labels to the customer regarding products should be discussed in connection with the establishment of regulatory requirements.

Not all information about products should necessarily go into a physical labelling attached to the product itself. Information could be also communicated with other means (in store or online) depending on when it is most beneficial to the customer. We recommend that we first assess what is relevant for each product group and then decide if and how to inform the consumer.

Today's Ecodesign directive works in conjunction with the Energy Labeling Directive. The Ecodesign directive aim is to ensure that the worst products disappear from the market and the Energy Labeling Directive aims to create competition among the best in respect to the energy efficiency through communication with the label in order to increase the demand for even more efficient products. Similarly, this tandem type of legislation should also be discussed when establishing a new Sustainable Product Directive. With sustainability requirements for products, the discussion and establishment of requirements becomes very decisive for the type of mandatory communicative requirements that can be placed on producers.

The information requirements need to be easy to understand and use for the buyer of the product. The information will be used for different purposes depending on whether it is a product used as a component of a larger complex product or whether it is a consumer product to be used by a private individual.

Common parameters need to exist and crucial for a well-functioning market is that the information requirements are clear, precise and provide value for the recipient of information. How they are to be communicated is a question appropriate for the standardization to establish methods for.

Effective supervision, monitoring and control is important to ensure that the coming directive is followed.

We are positive to the Europe European Commission's proposal for a tool for sharing product information digitally, including a **product passport**. We acknowledge the European Commission's proposal for developing a harmonized tool for sharing product information digitally, including a product passport. Using new digital technologies throughout the value chains gives transparent and reliable information to the consumer.

The passports need to be different for different product groups and developed in cooperation with respective business sector. Otherwise the risk is for producers to provide information and the administrative burden related to that is not beneficial for environmental aspects for some products as well as missing important information for others.

We need new and improved standards for reporting and sharing information. If not, there is significant risk that different, non-comparable product passes are developed. Rules regarding what information is to be shared in these systems need to be demand-driven so that relevant information is shared. When needed, you can gradually develop and test technical systems for digital information transmission between those who put products on the market and those who recycle them. It is important that these requirements and systems do not drive costs in the recycling phase. If so, it will effectively hinder international competitiveness. At the start we need to strictly limit information to what is relevant and necessary for the purpose, but in time this can be scaled up when the system is in place and has been tested.

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