



Raising standards for consumers

The Consumer Voice in Europe

MAKING MORE SUSTAINABLE PRODUCTS THE NEW NORMAL

Consumer recommendations for a meaningful EU Sustainable Product Initiative

Contact: Silvia Barlassina – <u>sustainability@beuc.eu</u> – <u>anec@anec.eu</u>

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ANEC, THE EUROPEAN ASSOCIATION FOR THE CO-ORDINATION OF CONSUMER REPRESENTATION IN STANDARDISATION Rue d'Arlon 80, B-1040 Brussels - +32 (0)2 743 24 70 - www.anec.eu EC register for interest representatives: identification number 507800799-30

BUREAU EUROPÉEN DES UNIONS DE CONSOMMATEURS AISBL | DER EUROPÄISCHE VERBRAUCHERVERBAND Rue d'Arlon 80, B-1040 Brussels • Tel. +32 (0)2 743 15 90 • www.twitter.com/beuc • consumers@beuc.eu • www.beuc.eu EC register for interest representatives: identification number 9505781573-45







Why it matters to consumers

If we are to use the Earth's depleting natural resources more wisely, products must become more sustainable. Consumers can – if given the right tools – guide the transition. This is however no easy task. With too many unsustainable options on offer in the EU, consumers struggle to understand which ones are truly more sustainable. Moreover, the term "sustainability" is sometimes used (and perceived) as only a marketing slogan. New policies must then boost the availability of more sustainable options and avoid they are too costly or difficult to identify. In short, all products placed on the EU market must become more sustainable by design.

Contents

Summary		. 3
1. Int	roduction	.4
2. Coi	nsumers want sustainable products by design	. 5
3. Shortcomings of current rules		.7
4. A revised Ecodesign Directive for more sustainable products		.7
4.1	Which products should be improved first?	. 8
4.2	Better governance, faster results	.9
4.3	Self-regulation is no longer an option	.9
4.4	Seeking alignment with the EU Ecolabel	.9
4.5	Different instruments, same approach	10
5. Sustainability principles and across-the-board measures		11
5.1	Goods that are easy to use and accessible (even offline)	12
5.2	Longer lifetime, longer guarantees	12
5.3	Repair and upgrade made easy	14
5.4	Connected products: up to date and secure for longer	15
5.5	Keeping hazardous substances at bay	16
5.6	Optimal use of natural resources	16
5.7	Recycling: a last resort	17
5.8	From single to multiple use	18
5.9	Unsold goods deserve a second chance	18
5.10	0 Information matters too	19
6. Coi	mpliance and enforcement	20
7. Pushing sustainable consumption further		
6.1	New business models have a role to play too	21
6.2	Public bodies must lead by example	23





Summary

Within the Circular Economy Action Plan (CEAP), the European Commission announced in 2020 it will develop a policy initiative to make more sustainable products the norm and address the challenges that consumers often face when trying to make sustainable choices. This is the Sustainable Product Initiative, a package of proposal expected at the end of 2021.

ANEC and BEUC welcome this move and agree that to meet the CEAP's ambitious objectives, policy makers must apply systemic changes in the way they address products' sustainability. It must be clear to all those involved in the value chain that sustainability is not a state, but rather a constant development to reduce the negative environmental, social and economic impacts of production and consumption of goods. Therefore, it is inevitable to measure their sustainability performance and provide relevant, credible, reliable and unambiguous information that can be used as basis for decision-making by consumers. Governments should strive to develop rules that make all products more sustainable by design, therefore products that are built to last, fit for purpose, easily repairable, energy and material efficient, free from dangerous chemicals and built respecting human rights and fair labour conditions.

To make it happen, ANEC and BEUC recommend the EU to develop a single instrument that would address the sustainable production and consumption of products, as well as the way consumers are informed about sustainability aspects. The Ecodesign Directive is a well-suited instrument to get there, but its scope must be extended to non-energy related products. In addition, its governance must be modernised to enable swift decision making that keeps pace with technological improvement. It is essential that the European Commission allocates sufficient resources to the adoption of meaningful Ecodesign Regulations in the future, as well as the prompt revision of existing ones.

The role of the Ecodesign framework in reducing the environmental burden of products should be strengthened. Additional sustainability aspects must be addressed beyond products' energy efficiency, including resource efficiency, chemical restrictions, and waste prevention, as well as usability (easiness of use) and accessibility. To this end, sustainability principles and horizontal measures should be developed as a checklist to assess what aspects are relevant for each product, to ensure that the appropriate sustainability parameters are considered when developing product/sector specific Regulations.

Authorities should also step up their efforts to ensure more effective compliance and enforcement of sustainability rules. In this context, it should be investigated with enforcement authorities if the deployment of digital tools (e.g., the product passport) can increase transparency in the entire lifecycle of a product and make compliance easy to track at all relevant stages, from production to disposal/recycling. Market surveillance activities must also be complemented by effective enforcement actions, including fines and penalties. There should be transparent disclosure of the non-compliance findings to trigger name-and-shame mechanisms. Relevant product information is also to be made available in physical form at the point of sales to enable all consumers to make informed choices.





In addition to measures addressing products' sustainable design,¹ the European Commission should also consider ways to incentivise more sustainable business models (such as renting, reuse and second-hand markets) and strengthen consumer rights in these areas. More information and data should be collected on the financial and environmental risks and benefits of new business models, such as product-as-a-service systems.

1. Introduction

Our society, environment and economy are heavily affected by the way we design, manufacture, consume and discard products. The linear pattern of "take-make-use-dispose" of our current systems of production and consumption of goods and services is responsible for many of the social, environmental, and economic challenges we experience globally.

In response, the circular economy aims at redirecting products' design, production, and consumption towards more sustainable approaches. The idea is that by improving products' circularity from their design to their discharge, we can contribute to strengthening sustainability in its broadest sense, benefiting people, the planet, and the economy. Here, the role of consumers is pivotal as their choices can either support or hamper the circular economy.²

Last year, the European Union made a bold pledge for resource-friendly consumer goods by adopting the Circular Economy Action Plan (CEAP).³ The European Commission, Member States and the European Parliament all agree that the aim should be "to make sustainable products the norm".⁴ Since then, the European Commission has been designing an ambitious sustainable product policy framework which will translate in several legislative initiatives due to be announced by the end of 2021.⁵ BEUC and ANEC agree that to shift up a gear, systemic changes are needed. The new EU Sustainable Products Initiative (SPI) must ensure that, in the future, consumers can broadly access more sustainable and higher quality products and that sustainable consumption is not anymore a hassle or a privilege reserved to most affluent consumers.

In this paper we firstly highlight the challenges consumers face today when trying to engage in more sustainable consumption practices. We then identify the shortcomings of current initiatives and legislation that address products' sustainability and propose ways forward. Besides strengthening some of the existing product legislation, we argue that the European Union needs to develop a comprehensive set of rules that would not only ensure high environmental performance by design, but also more effectively address the social and economic issues that result from non-sustainable consumption and production.

¹ Sustainable design refers here to the efforts made to redirect products' design, as well as production and consumption patterns, towards more sustainable approaches to the benefits of the environment and society.

² European Commission, <u>Closing the loop - an EU action plan for the circular economy</u>, 2015.

³ European Commission, *Circular Economy Action Plan*, 2020.

⁴ European Parliament, <u>Report on the new Circular Economy Action Plan</u>, 2021; European Commission, <u>Circular Economy Action Plan</u>, 2020; General Secretariat of the Council, <u>Council conclusions on the New Consumer Agenda</u>, 2021.

Agenda, 2021. ⁵ The Sustainable Product Policy Initiative was launched in September 2020 and aims at making products placed on the EU market more sustainable. European Commission, <u>Sustainable Products Initiative</u>, 2020.





2. Consumers want sustainable products by design

The way we consume products can determine the success of the circular economy and the transition to a more sustainable way of living. In 2018, households accounted to 19% of the EU greenhouse gas emissions, of which the largest majority (80%) came from the use of final products.⁶ Many of these products are used for a limited amount of time and are often discarded too soon. This practice is responsible for several environmental issues, such as excessive waste creation and loss of critical resources. Moreover, it is very burdensome for consumers, who must constantly replace products that fail prematurely. Besides, products' environmental and social costs are not factored in their final price but are ultimately borne by the most fragile members of our society, future generations, and the environment.

Recent behavioural studies show that European consumers are increasingly aware of the environmental and social impacts of their purchasing choices. They are willing to actively engage in the circular economy, for example by favouring durable and repairable products, buying second-hand items and leasing products rather than buying new ones.⁷ With the COVID-19 pandemic, aspects such as health, sustainability and wellbeing have ranked higher in people's priorities, and consumers are increasingly mindful of the impact of what they buy.⁸ While most people expect companies take the lead, only one in five can name a brand that meets their sustainability expectations.⁹

Over the years, the Ecodesign and Energy Labelling instruments have successfully contributed to make certain consumer products more sustainable and efficient, while also steering consumers' purchasing choices towards more sustainable ones. Nonetheless, many products continue to be inefficiently designed, tend to fail prematurely or are difficult (if not impossible) to repair. As **the largest environmental impact of products comes from their design phase**,¹⁰ it is essential that more sustainability aspects are systematically addressed when designing products. In this context, resource efficiency and reducing waste by improving the ability of products to last longer, be reused, and be repaired is key, along with usability.

Alongside, companies must be obliged to follow basic social standards through their value chain and ensure goods are produced in a socially fair manner. In this regard, BEUC very much supports the announced EU legislative initiative to introduce mandatory due diligence criteria for companies operating in the EU. This should be considered when developing measures under the SPI.¹¹ However, this paper focuses on the potential of improving the environmental sustainability of products through a reformed framework.

⁶ European Parliament, *Sustainable consumption - Helping consumers make eco-friendly choices*, 2020.

⁷ EU Commission, <u>Behavioural Study on Consumers' Engagement in the Circular Economy</u>, 2018.

⁸ Accenture, <u>COVID-19: How consumer behaviour will be changed</u>, 2020.

⁹ KANTAR, <u>The Time for action is still now</u>, 2020.

¹⁰ The European Commission estimates that 80% of products' environmental impact is determined at their design phase. European Commission, <u>Circular Economy Action Plan</u>, 2020.

¹¹ BEUC, <u>The consumer checklist on the upcoming EU due diligence legislation</u>, 2021.





But first, what is a sustainable product?

No product can be perfectly sustainable, as resources must be used, or waste created, in at least one stage of its lifespan. Nevertheless, for the purposes of the Sustainable Products Initiative, we accept the definition of a "sustainable product" to be a product that is designed to be **more sustainable throughout its whole lifecycle**, from the extraction of raw materials to its production, transportation, usage and the way it is discarded, so that all its component materials can be easily recuperated.

The **cradle-to-cradle principle** should guide the way manufacturers conceive their products, with the objective of reducing the use of natural resources, eliminating waste, and creating products with materials that are safe and easy to be reused in new products. Consumers must be able to assume that minimum social and ecological criteria have been met by all companies during production.

When considering sustainability aspects for individual product groups, policymakers should look at the following characteristics:

- Products that perform their expected primary function well, based on usability and accessibility criteria, to avoid early discharge.
- Products that are **built to last**, of better quality and single components less prone to wear and tear that artificially shortens their lifetime.
- Products that are **easy and affordable to repair, refurbish, and upgrade,** therefore easy to disassemble. Repair information and spare parts have to be available to consumers and independent repairers.
- Products that are produced and used relying on minimum resources, such as energy and water – and minimum creation of waste and other pollutants.
- Products that are **safe to use and recycle**, therefore free of dangerous substances.
- Products that are **convenient and cost-efficient**, to ensure consumers are satisfied with what the product delivers and thereby less tempted to replace it prematurely.
- Products that **contain recycled material.** Safeguards must ensure that, through recycling, hazardous substances are not re-introduced in the production-cycles, harming consumers and the environment. Nonetheless, recyclability is not an end in itself, and the primary objective should always be to build products that last longer, to prevent waste and enable reuse.
- Products that are **meant for multiple use not single use** at least when suitable and less polluting alternatives exist.
- Digital products that guarantee **software updates for their entire lifespan**, to ensure they are compatible with other equipment and continuously offer key functionalities.
- Digital and connected products that are **secure to use** at all times, and that guarantee **minimum performance even when offline.**
- Products that are produced in **fair labour conditions** and in **respect of human rights.**





3. Shortcomings of current rules

The current EU product policy framework is composed of a patchwork of different regulatory and voluntary instruments, which address sustainability aspects in silos and for a limited number of products/sectors.

The Ecodesign Directive sets minimum energy and material efficiency requirements for most energy-related products (including most household electrical appliances), but it does not apply to many other products – such as clothes and furniture. While durability and repairability requirements have been recently introduced for five household appliances, there is no consistent implementation across sectors. As a result, products do not benefit from the same level of sustainability requirements/framework. What is more, in some sectors, voluntary industry agreements have priority over regulation, with the idea that Ecodesign objectives can be achieved faster or in a less costly manner. Yet, experience shows that voluntary agreements have often not lived up to consumer expectations in getting more sustainable products on the market.¹²

As no common horizontal sustainability criteria exist, most sector/product specific legislation works in silos. This means that more time and resources are needed to develop each of these separate instruments, resulting in significant delays and inconsistencies across sectors.

In addition, the lack of compliance and effective enforcement of existing rules hinders sustainability. In 2018, it was estimated that between 10% and 25% of products on the market were incompliant with relevant Ecodesign requirements.¹³ This causes problems for: consumers, who are faced with underperforming and unsafe products; manufacturers, who lack motivation to improve their products; and public institutions, which may lose credibility in the eyes of the public.

As part of the announced Sustainable Product Initiative, the European Commission rightly plans to tackle some of the current shortcomings. It is set to develop a new EU policy framework to make products fit for a climate-neutral, resource-efficient and circular economy by design.

4. A revised Ecodesign Directive for more sustainable products

To bring more sustainable products on the market and enable consumers to make informed choices, the EU must adopt an instrument that addresses both the sustainable design of products, and consumer information about sustainability aspects, in a credible, reliable, and unambiguous manner. This should be done by introducing **sustainability principles** and, where technically possible, **horizontal measures** tackling sustainability dimensions common to all products covered by Ecodesign (see Section 5 below).

¹² The case of printers is emblematic: the work on a voluntary agreement by the industry has already taken over 2 years and has not been concluded yet and the measures foreseen are far from being ambitious enough. See BEUC recommendations on <u>Greener, Better, Faster and Stronger Ecodesign</u>.

¹³ CEPS, <u>Stakeholders' views on the Ecodesign Directive – An assessment of the successes and shortcoming</u>, 2018





Alongside, policymakers should keep developing vertical implementing measures, as they remain the most appropriate tool to regulate product/sector-specific sustainability aspects and enable the identification of priority sustainability concerns. To this end, sustainability principles and horizontal measures should be developed as a checklist to assess what aspects are relevant for each product group, to ensure that appropriate sustainability parameters are considered when developing product/sector specific Regulations. This would enable the appropriate differentiation across products (in terms of environmental impacts priorities), while also ensuring the necessary coherence when tackling products' sustainability.

The Ecodesign framework is well suited for this task, as this instrument has so far brought better performing products to the market and financial benefits to consumers. Nonetheless, the Ecodesign method should be applied to more product groups. As such, its **scope must be extended to non-energy related products and its focus broadened beyond energy efficiency**. In addition, new horizontal measures and sustainability principles should be introduced under the Ecodesign Directive to address sustainability concerns common to all products, such as usability, resource efficiency, durability and repairability. For this to happen, the Ecodesign Framework Directive needs to evolve into a much broader instrument and its governance be updated to guarantee a swift decision-making process.

4.1. Which products should be improved first?

The way products will be prioritised for specific implementing Regulations should no longer be based mostly on their energy efficiency potential. Instead, it should rely on a larger range of sustainability aspects, including a systematic assessment of their material efficiency potentials. This type of assessment should be made based on different data sources, including the findings of market surveillance inspections and information on the "costs" borne by consumers as regards, for example, the extent to which products are repairable or the instances of products' early failures. The European Commission should collect and use this type of evidence in the Ecodesign preparatory process.

Besides the products covered by the preparatory study for the next Ecodesign and Energy Labelling Work Plan, we consider the following product groups should be prioritised:

- Digital and connected products (including electronics and ICT devices) are reportedly among the most problematic for consumers, due to early failures of batteries, displays or operating systems.¹⁴ Small domestic appliances (such as electric kettles, toasters, coffee machines) are becoming increasingly connected. As it is complicated or costly to repair them relative to their value, consumers tend to replace them frequently.
- **E-products used for micro-mobility** (such as e-bikes, e-scooters, etc.) are gaining popularity among consumers but their environmental and social impact is highly underestimated. The German consumer group, vzbv, found that it is often hard for consumers to find affordable repair services or spare parts for such products, and there is no uniformity of minimum lifespan/number of charging cycles.¹⁵
- **Textile products** and **furniture** are also frontrunner candidates for future Ecodesign measures. The fashion industry is the second most polluting in the world and is heavily dependent on the use of hazardous substances, as flagged by Italian

¹⁴ See OCU's <u>Barometer of Premature Obsolescence</u>

¹⁵ vzbv, <u>E-Bikes: teuer und kurzlebig</u>, 2021





consumer association, Altroconsumo.¹⁶ As for furniture, 10 million tonnes are reportedly discarded every year in the EU, only a limited amount of which is reused or recycled.¹⁷ Ecodesign measures have the potential to counter this trend, by encouraging repair, reuse, and recycling.

• **Toys, sports, and leisure products** are often made of plastics, contain hazardous substances and are not as durable as one may expect.

4.2. Better governance, faster results

The current Ecodesign decision-making process is one we praise especially for how it benefits consumers and effectively involves all relevant stakeholders in the development of measures, including within the Ecodesign and Energy Labelling Consultation Forum. Nonetheless, it can take up to five years for an Ecodesign Implementing Regulation to be adopted. This extensive timeline is unsatisfactory today and will be even more so in the future when the scope of Ecodesign will cover many more products.

To meet the goal of placing only sustainable products on the EU market,¹⁸ the future Ecodesign decision-making process must become faster and ensure that implementing measures keep pace with technological development. For this to happen, **it is essential that the European Commission allocates sufficient resources**, to enable the development of meaningful Ecodesign Regulations and the prompt revision of existing ones.

To accelerate the process, Ecodesign Implementing Regulations should no longer be adopted in packages but individually, once ready to be published. In addition, the European Commission could consider the simultaneous development of parallel work plans for each relevant sector to guarantee efficiency and ensure a timelier adoption of productspecific implementing measures. The Commission should assess and balance sustainability principles listed under Section 5 below, from the very first stages of the preparatory work for future Ecodesign and Energy labelling Regulations. This would ensure a uniform and consistent approach across the different product-specific measures.

4.3. Self-regulation is no longer an option

The Ecodesign Directive currently prioritises voluntary industry agreements over regulatory measures when objectives can be achieved faster or at a lower cost. Nonetheless, existing voluntary agreements have often taken longer than expected to be adopted and their level of ambition is too low. We therefore reiterate our call to **end to self-regulation** in favour of mandatory legislation, especially in view of the extended scope of Ecodesign to critical sectors and product groups.

4.4. Seeking alignment with the EU Ecolabel

The Commission must ensure that the synergies of all product policies and instruments are optimised within a coherent framework. The Ecodesign should be implemented in greater coordination with the Energy labelling, but also with the EU Ecolabel. Criteria for

¹⁶ Altroconsumo, <u>Cambiamo abito. Per una moda consapevole</u>, 2016

¹⁷ EEB, <u>Circular Economy Opportunities in the furniture sector</u>, 2017

¹⁸ Sustainable products here are intended as those products that minimize their impact on the environment, society, and the economy.





the latter are often developed for the same product groups, but technical preparatory and legislative processes are ill-aligned.

When the European Commission addresses a product group, it should look at the possibility of developing criteria for both instruments at the same time. The solution is to set differentiated performance levels with minimum sustainability criteria for Ecodesign and higher ambition or complementary metrics for Ecolabel. Some criteria under the EU Ecolabel must already be considered when expanding Ecodesign to priority sectors such as textiles and furniture. This way, the Ecolabel and Ecodesign criteria will be developed more efficiently.

In the future, we would like to see the current **EU Ecolabel turning into a benchmark** and its criteria become progressively mandatory for the whole market in a staged approach ("top runner" approach). At the same time, the EU Ecolabel should continue being a step ahead and ensure its criteria reflect environmental excellence. That way, the Ecodesign instruments would determine the "minimum" level of sustainability for products to be allowed on the EU market, while the EU Ecolabel should continue to indicate excellence for the most sustainable products.

4.5. Different instruments, same approach

In some cases, separate sector-specific instruments regulate sustainability aspects independently from Ecodesign (such as for batteries, packaging, etc.). Likewise, in the future, new separate sectorial legislation may appear. While these sectorial instruments would continue to be developed and work independently from the Ecodesign framework, the same logic to sustainability would need to be applied when developing these measures. Where sectorial legislation does not (or does not sufficiently) address the common sustainability concerns identified under the Ecodesign Directive, horizontal principles/measures should fill the gaps and apply to such sectors.

In short, **sector-specific processes should be coherent with the Ecodesign process**, i.e., tackling the full lifecycle of products, primarily using mandatory criteria, prioritising product groups and actions based on the environmental impact and improvement potential. The objective is to ensure that key sustainability principles apply to all sectors and products on the market through this horizontal instrument.





Figure 1: revised architecture of the Ecodesign Framework



5. Sustainability principles and across-the-board measures¹⁹

Under the revised Ecodesign Directive, a comprehensive set of sustainability principles and horizontal measures should guide the development of product-specific implementing measures.

From a governance perspective, identifying common sustainability principles and measures across the board would spare time and resources, as opposed to taking a product-by-product approach. This is especially relevant when addressing cross-cutting sustainability aspects such as usability, resource efficiency, durability and restrictions on hazardous substances. It would also ensure consistency across instruments and avoid situations when certain sustainability criteria are adopted for some product groups but not others, despite being relevant. In turn, manufacturers would have a clear idea of what is expected from their products in terms of sustainability, creating a level playing field, thus fostering competition and innovation.

Depending on the specificities of each sector or product concerned, it will be for product/sector-specific preparatory studies to identify the relevant sustainability parameters of a given product and its components (e.g., the lifetime of the motor of a device or the specific spare parts to be made available). These priority sustainability concerns would then direct the technical requirements in the sectorial measures, which should be verifiable, reproducible, and reliable. This way, product/sector-specific

¹⁹ The sustainability principles listed below only address environmental sustainability, as this is the focus of the Ecodesign Directive. Nonetheless, the European Commission should also address the economic and social aspects of sustainability with separate instruments.





sustainability requirements would be developed in a staged approach, based on the common sustainability principles established horizontally.

Following the definition of "sustainable product" offered under section 2, we have identified a series of sustainability principles and measures that the European Commission should consider across the board.

5.1. Goods that are easy to use and accessible (even offline)

Consumer products should be safe, easy to use, accessible, effective, and efficient. They should be designed to perform their intended function well over time, to avoid consumers end the use of their products early due to unsatisfactory performance.

These aspects are especially relevant as products are becoming increasingly connected and entirely new functionalities are emerging. Connected devices should be able to work offline. In other words, the product – connected or not – needs to deliver those functionalities thar are essentially not conditioned by access to the internet, such as washing clothes, cleaning the dishes, cooling food, etc.

ANEC and BEUC key recommendations on functionality:

- Consumer products should be **easy to use, accessible,** and designed to **perform their intended primary function well over time.**
- Connected devices should be able to **reliably work stand-alone**, at least for intended functionalities that are not conditioned by access to the internet.

5.2. Longer lifetime, longer guarantees

The extraction of resources required to manufacture products significantly impacts the environment and contributes to climate change. As outlined in the CEAP, it is crucial that the design and production of goods ensure that resources remain in the EU economy for as long as possible.²⁰ This entails that single components are less prone to wear and tear so products last over time.

Based on analysis performed by the PROMPT project of which some BEUC members are partners,²¹ durability extension is a priority that would prove valuable to all products, particularly those embedding electronics. From an environmental perspective, the manufacturing of consumer goods such as smartphones or tablets generate high emissions that fuel climate change.²² What is more, products traditionally offline are increasingly becoming Internet connected. As this trend of battery-powered and connected devices is rising, so is the demand for mining resources for electronics. This will further increase the environmental impact of all these products during the manufacturing process.

Market research and product testing need to calculate the **durability of products** and their key components. This would help to better assess their environmental impact, incentivise design improvements, and facilitate consumers' choices when purchasing a

²⁰ European Commission, <u>Circular Economy Action Plan</u>, 2020

²¹ See the PROMPT project's report on <u>Environmental evaluation of current and future design rules</u>.

²² See Table 15 of the PROMPT project's report on <u>Environmental evaluation of current and future design rules</u>.





new product. Durability requirements should also become the basis for establishing the **legal guarantee periods** for certain product categories.

Currently, under the EU sales law, all goods benefit from the same minimum guarantee period of two years.²³ To make the circular economy a reality, the legal guarantee periods for durable goods (e.g., white goods) should last considerably longer. However, due to different characteristics of specific product categories, the general provisions of the EU sales law might be inappropriate to define guarantee periods. For this purpose, product-specific legislation should define specific measures, and there should be a link between product law requirements and consumer contract law.

The Sustainable Product Initiative will be instrumental in achieving such goal. It should go hand in hand with the announced revision of the Sales of Goods Directive. Longer and product-specific mandatory guarantee periods for durable goods, together with the possibility to hold producers directly liable for the goods' non-conformity, will not only incentivise producers to make their products last longer but will also allow consumers to use their products for longer. For more information on BEUCs recommendations in this area, please see our <u>Paper on durable and repairable products</u>.

Mandatory manufacturer durability guarantees could also be established under the respective Ecodesign implementing measures. BEUC and ANEC would be ready to contribute to the discussion of such a policy option that must provide an enforceable right for consumers.

The Revision of the Ecodesign Directive provides this opportunity. This could be achieved following some recommendations from the study led by Professors Tonner and Malcolm that was commissioned at the request of the JURI committee of the EU Parliament.²⁴ ANEC and BEUC intend to investigate this option further.

Alongside, Ecodesign implementing measures should also establish technical durability requirements for key product components, whenever relevant and feasible. In the case of lighting and vacuum cleaners, minimum lifetime requirements have already been considered through the existing Ecodesign Directive.²⁵ Similar requirements should be systematically envisaged for other products. In the case of ICT products that rely on a battery, this could mean setting a minimum number of cycles during which the battery must function properly.²⁶

ANEC and BEUC key recommendations on durability:

- **Durable design requirements:** products should be designed to last so they are less prone to wear and tear of single components that shorten their lifetime. This includes, for example, the selection of high-quality materials that would ensure robustness and reliability of key components.
- **Durability requirements** should be introduced systematically for all product groups, whenever feasible and relevant, and become the basis for establishing the legal guarantee periods for durable goods.

²³ <u>Directive (EU) 2019/771</u> of the European Parliament and of the Council of 20 May 2019 on certain aspects concerning contracts for the sale of goods

²⁴ K. Tonner and R. Malcolm, *How an EU Lifespan Guarantee Model Could Be Implemented Across the European Union*, 2017.

²⁵ See on vacuum cleaners, <u>ANEC-BEUC's position on the European Commission draft proposal of September</u> <u>2019</u>. See on lamps, the <u>Ecodesign Regulation 2019/2020</u>

²⁶ HOP, <u>Durable and Repairable Products: 20 steps to a sustainable Europe</u>, 2020





5.3. Repair and upgrade made easy

Repair and upgradability are critical for a resource-efficient circular economy, as they contribute to extend a product's durability. This approach not only preserves resources and reduces waste but also benefits consumers, who are spared the burden of replacing a product if a single component fails.

To make products easily repairable, it should be **easy to disassemble** them. This would simplify repair and maintenance, while ensuring safety. Standards should be used to identify the necessary tools to open products to repair and upgrade them. Designing for disassembly could also facilitate end-of-life processes such as re-use and recycling. A modular design could also help users easily replace components or even upgrade a product. Nonetheless, this should not result in products failing prematurely due to fragile components and design methods.

Beyond improving the physical design of products to facilitate repair, minimum repairability requirements should also ensure that consumers and independent repairers have **access to spare parts and repair manuals**. Spare parts should be available to consumers and independent repairers for a period that reflects the expected lifetime of a product and continue after the last product is placed on the market. Ensuring that spare parts are made available to independent repairers at affordable prices increases the competition and should in turn lower the cost of this type of service. This is an important factor considering that one of the main reasons for consumers not to repair their faulty products is the high cost and lack of repair services.

Consumers should at least be able to access spare parts that are easy and safe to replace without the assistance of a professional repairer. Testing and standardisation should help identify the priority parts crucial for each product and make the appropriate selection. For example, through its Barometer of Premature Obsolescence, Spanish consumer organisation OCU found that in most European countries, mobile phones top the list of consumers' complaints about premature obsolescence, especially due to failures of batteries, displays and operating systems.²⁷

These repairability requirements should match the appropriate pre-contractual information obligations introduced to the consumer protection legislation. During the period when spare parts must be available, delivery should be performed within a maximum number of days (not exceeding 10 calendar days), to avoid consumers having to buy a new item due to long waiting times.

Decision-makers should introduce in the EU Sales of Goods Directive an obligation to carry out a repair within 15 days (as one of the possible remedies for product non-conformity). This would encourage consumers to choose more often repair over replacement when exercising their legal guarantee rights.

Currently, if the manufacturer does not foresee repairability and availability of spare parts, any attempt by an independent service provider or the consumer to repair the product or reproduce the spare parts could breach the proprietary rights of the manufacturer. This affects the ability of consumers to repair their faulty products if they cannot access these services. Specific exceptions to the relevant intellectual property rights regimes could ensure that those seeking to repair products or to provide repair services can do so in compliance with the law.

²⁷ See OCU's <u>Barometer of Premature Obsolescence</u>





Repair requirements should also be looked at in the context of its ambiguous relation with durability to avoid trade-offs and/or balance them to some extent.

ANEC and BEUC key recommendations on repairability and upgradability:

- **Circular design methods**, such as easy disassembly and modularity, should be **systematically considered for** *all* **products** to simplify repair, maintenance, and upgradability, while also ensuring safety in the process.
- A horizontal requirement to make spare parts and repair manuals available to both consumers and independent repairers should be introduced.
- Delivery of spare parts should **not exceed 10 calendar days**.
- Specific exceptions to the relevant intellectual property rights regimes should be considered, to allow independent service providers and consumers to repair their products.
- Always assess the relation between durability and repairability requirements to be able to address possible **risks of trade-offs**.

5.4. Connected products: up to date and secure for longer

Software updates are also paramount to ensure that consumers can use their devices in a secure and sustainable way. At present, it is not always clear to consumers whether the updates proposed for their phone, computer or tablet are necessary to improve security, resolve a software bug, install new functionalities or for other purposes. Software obsolescence can result in devices working improperly or not working at all even when the hardware is operational. In addition, with products traditionally offline becoming internet-connected – such as washing machines, TVs or fridges – the issue is becoming particularly pressing.

Manufacturers and service providers should offer **security and functionalities updates for a minimum period** which corresponds to the expected lifespan of the product. Very importantly, security updates should be provided separately from functionality updates, as this will enable consumers to clearly distinguish between critically important updates (security ones) and others that can impair their devices (functionality ones).

To enable repair and reuse of connected products, it should be possible to securely delete data from all data storage devices. Many consumers prefer to keep their unused or non-functioning phones or computers at home instead of recycling/repairing them, due to privacy concerns.²⁸

ANEC and BEUC key recommendations on connected products:

- There should be a **horizontal requirement to provide software updates for the entire lifespan of connected devices**. Security updates should be provided separately from functionality updates.
- Manufacturers of connected products should ensure **secure data deletion for all data storage devices**, to facilitate reuse and recycling.

²⁸ European Economic and Social Committee, <u>Identifying the impact of the circular economy on the Fast-Moving</u> <u>Consumer Goods Industry</u>, 2019





5.5. Keeping hazardous substances at bay

It is important to minimise the presence of hazardous substances in products, not only to ensure consumers' safety but also to reduce environmental pollution and make recycling easier. For this reason, there should be a **horizontal restriction** to minimise and substitute as far as possible substances of concern in consumer products. Such horizontal measures should be complemented by product-specific restrictions under each Ecodesign Implementing Regulation, whenever necessary and appropriate.

It is important that these restrictions are aligned with the measures taken under the Chemicals Strategy for Sustainability and following the generic risk management approach.²⁹ Requiring the substitution of hazardous substances by safer ones when alternatives exist could be done through horizontal criteria, building on the experience of the EU Ecolabel. The scheme already has put in place a very ambitious approach on dangerous chemicals, which shows it is possible to improve how legislation tackles hazardous substances in products.

Finally, the **traceability of hazardous substances** during a product's lifecycle is essential to ensure transparency, safe handling and recycling. A successful circular economy can be achieved only if consumers are confident that secondary raw materials are safe. For this to happen, information on chemicals content of products must be transparent at all stages of a product's lifecycle. The European Commission should investigate whether information on chemical content could be collected through a 'product passport' to ensure transparency in the supply chain.

ANEC and BEUC key recommendations on dangerous substances:

- Horizontal and product specific restrictions on the presence of hazardous substances in consumer products should be introduced in alignment with the Chemicals Strategy for Sustainability. Such restrictions should consider the generic risk management approach as the default option for the most harmful chemicals. Such horizontal measures should be complemented by product-specific restrictions.
- Closer alignment with the EU Ecolabel criteria is necessary. In the future, the EU Ecolabel should become a benchmark and its criteria mandatory.
- Traceability of chemicals should be ensured during the entire lifecycle of a product. This is especially important for some priority products, such as toys, materials in contact with food etc.

5.6. Optimal use of natural resources

The primary objective of product design should be twofold: resource efficiency and sustainable use of materials. For instance, energy and water efficiency requirements should systematically apply to products that need those natural resources to function (e.g., ICT products, cooking appliances, etc.).

The existing Ecodesign and Energy Labelling rules – the EU's flagship policies tackling the energy use of appliances – have reportedly contributed to cut the EU's total energy

²⁹ By substances of concern, we understand those identified in the Chemicals Strategy, i.e.- substances having a chronic effect for human health or the environment (Candidate list in REACH and Annex VI to the CLP Regulation), and also those that hamper recycling for safe and high quality secondary raw materials.





consumption by 13%.³⁰ For consumers, these figures translate into energy savings of \in 332 each year compared with a non-Ecodesigned world.³¹ Likewise, improving the water efficiency of household appliances can decrease water usage and help consumers save money.

Finally, to reduce the negative impact of products that emit noise or any other form of pollution while being used, appropriate efficiency measures are a must.

ANEC and BEUC key recommendations on efficiency criteria at use phase:

- Energy and water efficiency requirements should continue to be systematically established for relevant products that have an impact on energy and/or water consumption during their use, as it is currently the case under the Ecodesign framework.
- Additional parameters such as **noise emissions** and **other form of pollution** should also be factored into future product-/sector-specific measures.

5.7. Recycling: a last resort

Recyclability is not an end in itself and the primary objective should be to build products that last longer, enable reuse and prevent waste. Recycling should be considered only as a last resort where useful and not resulting in additional health or environmental burdens. In the context of transitioning to a more circular economy, the use of recycled material in consumer products will help reducing the environmental impacts of the exploration, extraction, production, and waste management of primary raw materials.

Nonetheless, the European Commission should carefully assess minimum recycled content requirements through Ecodesign against health and environmental impacts and alternatives.

Finally, it is important that these requirements are in line with the Chemicals Strategy for Sustainability, to ensure that during recycling, toxic substances are kept off the production cycles, to avoid harming consumers and the environment.

ANEC and BEUC key recommendations on recyclability and re-manufacturing:

- **Recyclability is not an end in itself** and the primary objective must be to build products that last longer, so preventing waste and enabling reuse.
- If **minimum recycled content requirements** are introduced, they should be developed in alignment with the Chemicals Strategy for Sustainability. Toxic substances must not be reintroduced in the production cycles.
- Any measure to increase recycling rates must be accompanied by an **assessment of health and environmental impacts**, as well as an assessment of alternatives.

³⁰ See ANEC and BEUC's <u>study on the benefits of Ecodesign for EU households</u>, 2016.

³¹ See ANEC and BEUC's Factsheet on how much can consumers save thanks to Ecodesign, 2016





5.8. From single to multiple use

Consumers are increasingly worried about the throw-away society they live in,³² where countless products and materials are used only once or for a very short time and generate excessive levels of pollution and waste. Thanks to the Single Use Plastics Directive, several single-use plastic items have been phased out since 3 July 2021. Manufacturers now have to improve their designs to bring more sustainable options on the market.

Nonetheless, several other plastic and non-plastic single-use products continue to be sold in the EU, with an increasingly polluting effect on the environment. Drawing upon the Single Use Plastics Directive, the European Commission should look into phasing out or restricting additional single-use items, such as ink cartridges and cigarette filters containing plastics.

A preparatory study on this aspect could be performed under the reformed Ecodesign framework, or via a separate instrument, if deemed more appropriate. We encourage the European Commission to first identify unnecessary material streams (such as unnecessary overpackaging) and consider options to replace single-use items/packaging by reusable options.

ANEC and BEUC key recommendations on single-use items:

- The European Commission should investigate the possibility to **phase out or restrict additional single use items**, drawing inspiration from the Single Use Plastics Directive.
- **A preparatory study on this aspect could be performed** under the reformed Ecodesign framework, or via separate instruments, if necessary, especially to identify unnecessary and preventable material streams.

5.9. Unsold goods deserve a second chance

Companies often produce more than they sell. Regrettably, manufacturers tend to destroy products that were never sold or were returned by consumers, even if still in perfect shape. It is estimated that \notin 7 billion worth of goods are destroyed each year in Germany alone, resulting in major waste production.³³

There is currently little transparency on companies' handling of unsold or returned products, leaving consumers in the dark. To face this challenge, the European Commission should require companies to disclose this type of information and **ban the destruction of unsold goods**.³⁴ Any product that can continue to be used without posing any health or safety risk should not be destroyed or landfilled. This means that defective products should also be covered by this ban as they can be repaired, refurbished and reused.

³² European Commission, *Eurobarometer Survey: Attitudes of European citizens towards the Environment*, 2020.

 ³³ Ajit Niranjan, <u>'Online retailers are destroying goods but won't say how much ends up as trash'</u>, *Deutsche Welle*,
7 February 2020.

³⁴ This ban on the destruction of unsold goods should be introduced under the new Ecodesign Directive through this revision under the Sustainable Product Initiative. As an alternative, the European Commission should consider introducing such ban through the European waste legislation.





In addition to this horizontal ban, the European Commission should also consider additional measures aimed at fostering donation schemes of unsold products, along with reconditioning and remanufacturing schemes that can help foster second-hand markets and more sustainable consumption practices.

ANEC and BEUC key recommendations on the destruction of unsold goods:

- A **horizontal ban on the destruction of unsold goods** should be introduced under the Ecodesign Directive, which should apply to any unsold product that does not pose any health or safety risk to consumers.
- Additional measures should be adopted to **increase transparency** by producers and retailers regarding their return rates and unsold goods policies.

5.10. Information matters too

While policymakers should primarily focus on the improvement of product design, information requirements are also needed, to help consumers make informed sustainable choices. Under the revised Ecodesign Directive, products should be accompanied with clear information at the point of sale about:

- **Durability**: including the duration of the guarantee in line with our recommendations under Chapter 5. This should be in the form of a lifespan/durability label expressed in years.
- **Repairability**: Experiences with repair scores at national level and the EU's Joint Research Centre study on a European repair score need to be assessed further to identify what are the limitations and benefits for consumers.
- **Presence of chemicals and hazards**: there should be clear indication of the chemicals' properties and hazard, e.g.- if it is suspected to cause cancer, harm fertility or the environment. Priority should be given to toys and to products used by vulnerable people.
- **Recycled material**: how much the product and its components are made of recycled content.
- **End-of-life use**: how the product should be used, recycled and/or handled at the end of life.

Digital information tools (e.g.- electronic labels, information databases, product passports, etc.) can help inform consumers about critical sustainability aspects. We think the Commission should explore the possibility of extending existing databases (such as the European Product Registry for Energy Labelling – EPREL) to ecodesigned products, in order to provide consumers with useful and comparable sustainability information. Priority for digital information tools should be given to products that would particularly benefit from increased transparency in the supply chain, such as textiles.

However, e-labels can also be more burdensome for some people, or completely inaccessible for others. Therefore, digital tools should play a complementary role and not replace established information channels, such as on-pack labels or paper leaflets. Information essential to consumer health and rights must be available in physical form with the product, not only hidden away on a digital tool. The same should apply to any new information disclosure obligation that will be introduced with the SPI. Finally, the resources required for the possible introduction of digital information tools should not be cost prohibitive or hinder innovation.





ANEC and BEUC key recommendations on point-of-sale information:

- Alongside design-specific measures, the new horizontal sustainability aspects should also address the type of point-of-sale sustainability information available to consumers regarding, *inter alia*, products' lifetime linked to the guarantee, repairability, chemicals, and recyclability.
- This type of product information **must be easily accessible** to consumers with the product and should **not be solely provided through digital tools** (e.g., the digital product passport).

6. Compliance and enforcement

Effective enforcement of products sustainability requirements is essential for the achievement of the CEAP's goals and to meet consumers' needs and expectations for longer lasting and efficient products. It is a victory that the EU Ecodesign Directive has been added to the new market surveillance Regulation (2019/1020/EC)³⁵. This will enable Member States to improve traceability along the supply chain; cooperation with customs; checks of online sales and offer them new joint testing opportunities in EU-designated laboratories. However, as new sustainability requirements will be introduced more widely in the future, new measurement methods will be needed to help market surveillance authorities check conformity.

The European Commission should work more closely with market surveillance authorities (MSAs) to facilitate their work, and fund (or promote existing funding programmes for) cross-border cooperation projects. Furthermore, it is important that MSAs use the new opportunities of the market surveillance regulation to cooperate with each other and exchange results when a non-compliant product is found. In the past, cooperation on Ecodesign has had shortcomings so it is crucial that Member States exploit the opportunities of the new Regulation to step up their control efforts.

The European Commission should investigate with enforcement authorities whether digital tools can help to improve market surveillance. Such tools include a "Product passport" and information databases such as the European Product Registry for Energy Labelling (EPREL) and one for Substances of Concern In Products (SCIP). Increased transparency in the entire life cycle of a product eases the tracking of compliance at all relevant stages from production to disposal/recycling.

Strong enforcement actions, encompassing fines and penalties, should follow any noncompliance findings, including in the online market. There should be more transparency regarding findings of non-compliance, which can also trigger name-and-shame mechanisms. Digital information tools can assist consumer organisations in successfully launching class actions against producers (e.g., when products do not last as long as expected or are not as repairable as described). The reputational damage of enforcement actions should be considered as a possible incentive for companies to comply with Ecodesign requirements. Establishing a link between Ecodesign durability requirements and the legal guarantee periods for durable goods will also function as an extra penalty for breaching regulatory obligations.

³⁵ <u>Regulation (EU) 2019/1020</u> on market surveillance and compliance of products





Finally, a centralised repository of products' sustainability information could also facilitate circular economy practices, such as recycling, reuse and remanufacturing. The relevant market actors along the value chain would have easier access to information on products' composition, repair and dismantling options and safe end-of-life handling. In such database, businesses could have to submit the evidence substantiating their environmental claims before products enter the market.

ANEC and BEUC key recommendations on stronger enforcement:

- Closer collaboration between the European Commission and national market surveillance authorities must be ensured, especially when a product is found non-compliant.
- **New testing and measurement methods** must be developed to check business compliance with durability requirements.
- The European Commission should investigate with enforcement authorities if digital tools like the **Product Passport** should have the function of assisting compliance checks with sustainability rules.
- Market surveillance activities must also be complemented by **enforcement actions**, including fines and penalties. There should also be more transparent disclosure of non-compliance findings.
- **Digital information tools** can successfully assist consumer organisations in launching class actions against producers, for example in cases of premature obsolescence.

7. Pushing sustainable consumption further

7.1. New business models have a role to play too

A comprehensive sustainable product policy should not only look at products' design but also address the potential of more sustainable business practices. Renting, second-hand markets, collaborative or sharing economies, for example, have high potentials, as they can boost the uptake of more sustainable consumption practices among increasingly environmental conscious consumers.³⁶ Thanks to reuse and repurposing of products, for example, fewer products are needed on the market to accommodate more people, which benefits the environment.

Nonetheless, there is still a lack of data regarding the benefits and challenges linked to such new business models, and the risk of greenwashing is high. The European Commission should consider setting up dedicated research projects investigating both their environmental and financial impact, as well as consumer acceptance (and related conditions for acceptance) of such new business models.

A potential problem related to existing sharing services are the loopholes in the consumer protection rules, which until today traditionally focused on consumer sales contracts. Lack of comprehensive legal protection might lead, for example, to a situation where terms and

³⁶ In a 2020 consumer survey, the German environmental group, vzbv, found that more and more consumers (51% in 2020 compared to 45% in 2015) tend to borrow instead of buying products for environmental concerns. vzbv, Sharing-Angebote: Große Bekanntheit, geringe Nutzung, 2021.





conditions leave consumers locked-in a service that they no longer want to use which might even lead to the consumer over-indebtedness.

In addition, there is a lack of reliable data on how much savings consumers can make by switching to circular business models compared to more conventional offers, as well in relation to their ecological advantage. Increased circularity in the way we consume and produce goods should protect low-income ones from additional financial and procedural burdens, e.g. - renting an appliance/clothing items should not be more expensive than owning them, and the procedure to access and withdraw from a service should be easy and accessible.

The European Commission should carefully assess the potential benefits and challenges for the environment and consumers and set out conditions for their acceptability for consumers, including consumer rights and protection, right of withdrawal, and remedies.

Resale models can help extending the useful life of products and give less affluent consumers access to more affordable high-quality items. Along with banning the destruction of unsold products, the European Commission should consider introducing measures that incentivise the return of products which are no longer used. Such a move would facilitate recycling and refurbishment practices, reduce waste, and provide a stimulus for second-hand markets. For example, this could translate into mandatory takeback schemes of unused products for suppliers. Such schemes should however preserve existing charity donation systems.

Similarly, "product-as-a-service" systems can potentially reinforce the responsibility of manufacturers to provide products that last longer and are easily repairable. This could work because producers would maintain the ownership of the final product while offering performance services to different consumers over time. Nonetheless, it is essential that products offered as a service continue to apply key principles of sustainability, including design for durability and circularity, responsible information, and non-destruction of unsold goods and that consumers rights are protected.

ANEC and BEUC key recommendations on Circular Business Models:

- More data must be collected on the financial, environmental and consumers benefits and challenges of circular business models, such as the sharing economy and product-as-a-service models. The European Commission should also consider funding dedicated research projects investigating consumer acceptance (and the conditions for acceptance) of circular business models, as well as the loopholes in the existing consumer protection rules applicable in this area.
- To go beyond product design and towards more circular business models, the European Commission should incentivise, for instance, **second-hand markets** and the take back of unused products.
- The consumer perspective should be fully considered, and an increased circularity should not result in more financial and procedural burdens for consumers, especially the less affluent ones.





7.2. Public bodies must lead by example

To further incentivise sustainable consumption practices among consumers, EU governments should act as role models and show their active involvement in the green transition. Public authorities should be obliged to purchase only the most sustainable goods and services, i.e.- those with the highest material and energy efficiency performance, and also respect due diligence criteria. Through large scale public buying, the price of more sustainable products should gradually decrease, making it also more accessible to consumers.

For this to happen, the European Commission should develop mandatory Green Public Procurement (GPP) criteria and targets, based on the already existing EU Ecolabel and voluntary GPP schemes.

ANEC and BEUC key recommendations on public procurement:

- To further incentivise sustainable consumption practices and make them more accessible to consumers, the European Commission should develop **mandatory Green Public Procurement (GPP) criteria and targets** and require governments to lead by example in the green transition.

END