

EU policies and its relevance to the circular transition of Swedish industrial companies

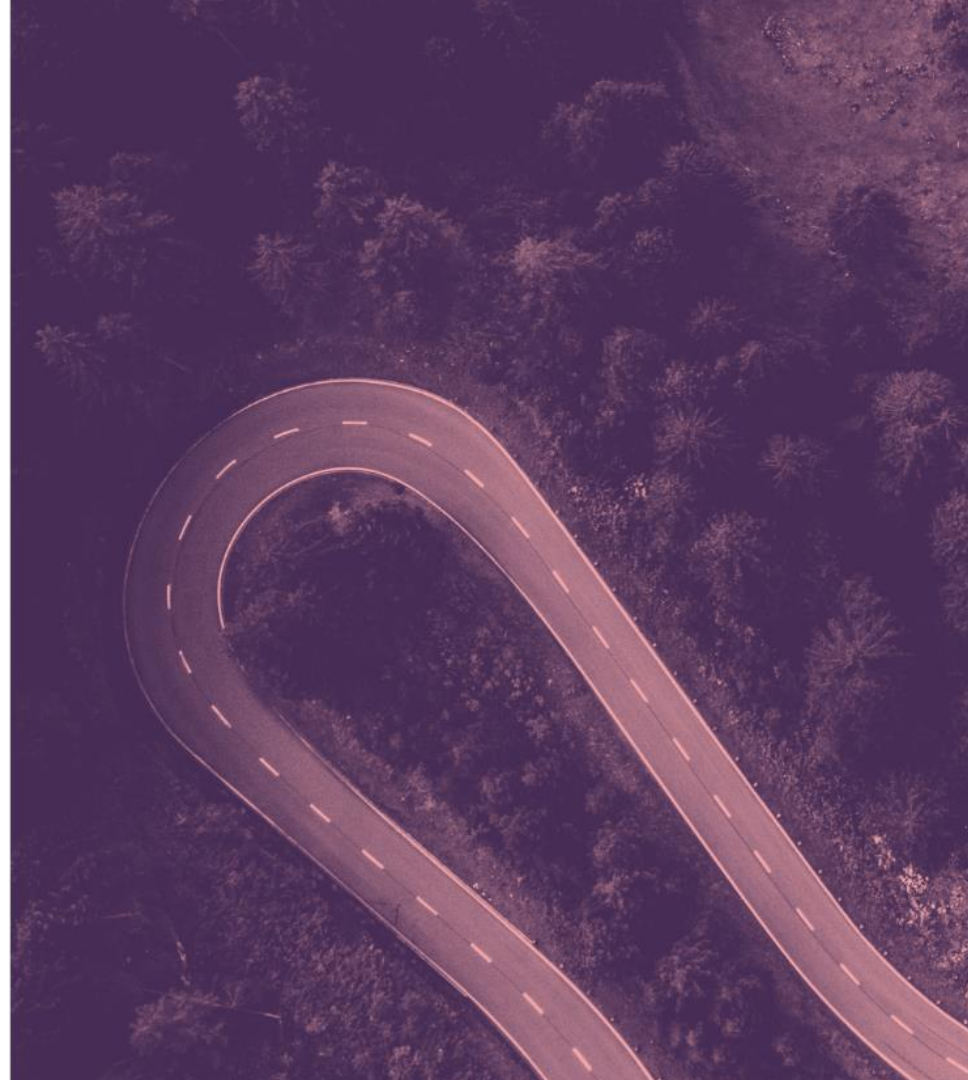
VSD 2022

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Sustainable Business**

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Overview

- Project description
- EU policies under the European Green Deal
- Mini-guide for businesses
- Looking ahead
- Appendix – Background and more detailed policy descriptions



Project description and summary

Main question:

How will coming EU-policy affect the circular economy transition for Swedish product companies?

Report summary:

- Focus on policies initiated as part of the EU Green Deal
- Most product companies will be affected but many policies are still work in process
- Suggested tools for companies to be prepared for coming policies include a policy scoreboard and the UNSDG-compass
- A glossary and more detailed overview of the policies and time plan can be found in the Appendix.
- Links to relevant sources can be found in the final slide of the presentation

Glossary

Legislative types	Definition
Directive	Legislative act that sets out a goal that all EU countries must achieve, up to each country to decide how
Framework legislation	Does not set specific measures. Rather, it enables their later adoption. e.g. Taxonomy Regulation and its subsequent Delegated Acts
Regulation	Binding legislative act that must be applied in its entirety across the EU

Abbreviation	Full name	Key content of new/amended policies
CPR	Construction Products Regulation	Environmental, functional and safety requirements for new and used construction products
CS3D	Corporate Sustainability due Diligence Directive	Up- and downstream sustainability due diligence requirements for larger EU and non-EU companies
CSRD	Corporate Sustainability Reporting Directive	Reporting requirements for large companies and listed SMEs on sustainability issues
CRD	Consumer Rights Directive	Information requirements to consumers on durability guarantees, software updates, reparability score, and more
ESPR	Ecodesign for Sustainable Products Regulation	Performance or information requirements aimed at making a most products more environmentally sustainable
ESRS	European Sustainability Reporting Standards	Disclosure requirements under CSRD – General and Topical (environmental, social and governance)
UCPD	Unfair Commercial Practices Directive	Traders are not to deceive consumers on products' environmental or social impact, durability and reparability

EU policies under the European Green Deal

A policy landscape in transition



[The European Green Deal - COM\(2019\) 640 final](#) - is a **roadmap** of key policies and measures needed to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use.

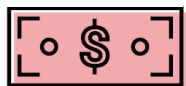


[The Circular Economy Action Plan \(CEAP\) - COM\(2020\) 98 final](#) - is one of the main building blocks of the European Green Deal, is a **plan to develop** measures that target how products are designed, promotes circular economy processes, encourages sustainable consumption, and aims to ensure that waste is prevented and the resources used are kept in the EU economy for as long as possible.



The **"traditional" baseline** for any business is changing from considering only necessary legal requirements to fully but gradually incorporating sustainability in the "must-have" baseline.

Many Swedish product companies will likely be affected



> €20 million balance sheet¹
> €40 million net turnover¹

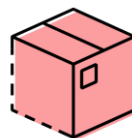


> 250 employees¹

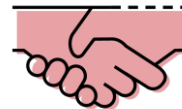
or



Listed companies,
except micro
companies



Producing any
good



Selling any good



Selling any good
business-to-
consumer

CSRD

ESRS

Taxonomy

CS3D²

¹ Meeting at least two out of the three criteria

² > 250 employees **and**

> €40 million net turnover and operating in defined **high impact sectors**:

- textiles, leather and related products incl. footwear
- agriculture, forestry, fisheries, food products
- mineral resources, basic and intermediate mineral products

ESPR

CRD

UCPD



Manufactures, importers,
distributors, service
providers, suppliers, end
users, remanufacturers,
of batteries

Batteries Regulation



Putting any new or
used construction
products on the EU
market

CPR



Involved in shipping of
waste

Waste Shipment
Regulation

Policy summary

Corporate Sustainability due Diligence Directive (CS3D)



Introduces a corporate sustainability due diligence duty to **address negative human rights and environmental impacts**, both **downstream** and **upstream** in the value chain.

- integrate due diligence into policies;
- identify actual or potential adverse human rights and environmental impacts;
- prevent or mitigate potential impacts;
- bring to an end or minimise actual impacts;
- establish and maintain a complaints procedure;
- monitor the effectiveness of the due diligence policy and measures;
- and publicly communicate on due diligence.

Large companies need to have a plan to ensure that their business strategy is compatible with limiting global warming to 1.5 °C in line with the Paris Agreement.

When directors act in the interest of the company, they must take into account the human rights, climate and environmental consequences of their decisions and the likely consequences of any decision in the long term.

Companies who do not comply can be held liable for damages (Civil liability)

Corporate Sustainability Reporting Directive (CSRD)



Replaces the Non-Financial Reporting Directive (NFRD) and expands on the scope and companies covered to **provide sustainability reporting** including information related to

- environmental matters
- social matters and treatment of employees
- respect for human rights
- anti-corruption and bribery
- diversity on company boards (in terms of age, gender, educational and professional background)

Companies have to consider double materiality, i.e.

- i) How the companies affect sustainability issues
- ii) How sustainability issues affect the financials of the companies

The sustainability report has to be subject to revision by a third party

The directive is complemented by sector-agnostic and sector-specific delegated acts on **how** the sustainability reporting is to be produced, known as European Sustainability Reporting Standards (ESRS)

Taxonomy Regulation



List of environmentally sustainable economic activities for six environmental objectives

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

Companies covered by the NFRD/CSRD have to report what % of their turnover, CAPEX and OPEX are aligned with technical criteria presented in the taxonomy.

The technical criteria will define what it means to make a

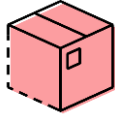
- substantial contribution, and
- what it means to do no significant harm.

Moreover the economic activity has to:

- Comply with minimum social safeguards

Policy summary cont.

Ecodesign for Sustainable Products Regulation



Replaces the Ecodesign Directive and expands to cover almost all product groups.

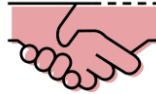
The regulation will be complemented by delegated acts which state **product-specific ecodesign requirements on durability, reliability, reusability, upgradeability, recycled content, environmental impact and more.**

It introduces Digital Product Passport.

Disclosure requirement for destruction of unsold goods, including volume and reason.

Products with high sustainability performance may be eligible to state subsidies (for example eco-vouchers to consumers or green taxation).

Consumer Rights Directive



Amendment of current directive and applies to any contract concluded between a trader and a consumer where the consumer pays or undertakes to pay the price.

Information to be provided to consumers in a clear and comprehensible manner will now include

- Information on the existence and length of a producer's commercial guarantee of durability
- The period during which the producer commits to providing software updates for goods with digital elements
- the period during which the provider commits to providing software updates for digital content and digital services
- the reparability score of the good
- other repair information, should no reparability score be available at Union level – such as information on the availability of spare parts and a repair manual

Unfair Commercial Practices Directive



Amendment of current directive and **applies to unfair business-to-consumer commercial practices.**

New commercial practices that are considered misleading or unfair are for example:

- making an environmental claim related to future environmental performance without objective and verifiable commitments and an independent monitoring system
- Making a generic environmental claim for which the trader is not able to demonstrate recognised excellent environmental performance relevant to the claim
- Making an environmental claim about the entire product when it actually concerns only a certain aspect of the product.
- Omitting to inform the consumer about the existence of a feature of a good introduced to limit its durability.
- Claiming that a good has a certain durability in terms of usage time or intensity when it does not.
- Inducing the consumer into replacing the consumable of a good earlier than for technical reasons is necessary.

Many policies are still work in progress

	Decided	Proposals, Upcoming – not final	Upcoming – no details
CE-specific		ESRS 5 Resource Use and Circular Economy Taxonomy transition to circular economy delegated act CRD, amendment	<i>Standards (secondary raw material)*</i>
Eco-sustainability	Ecodesign and Energy Labelling Working plan 2022-2024 Batteries Regulation	ESPR UCPD, amendment CPR, amendment The new Waste Shipment Regulation	ESPR product specific delegated acts
Broader sustainability	CSRD Taxonomy regulation <i>Sustainable Consumption Pledge*</i>	CS3D	

*Voluntary



Mini-guide for businesses

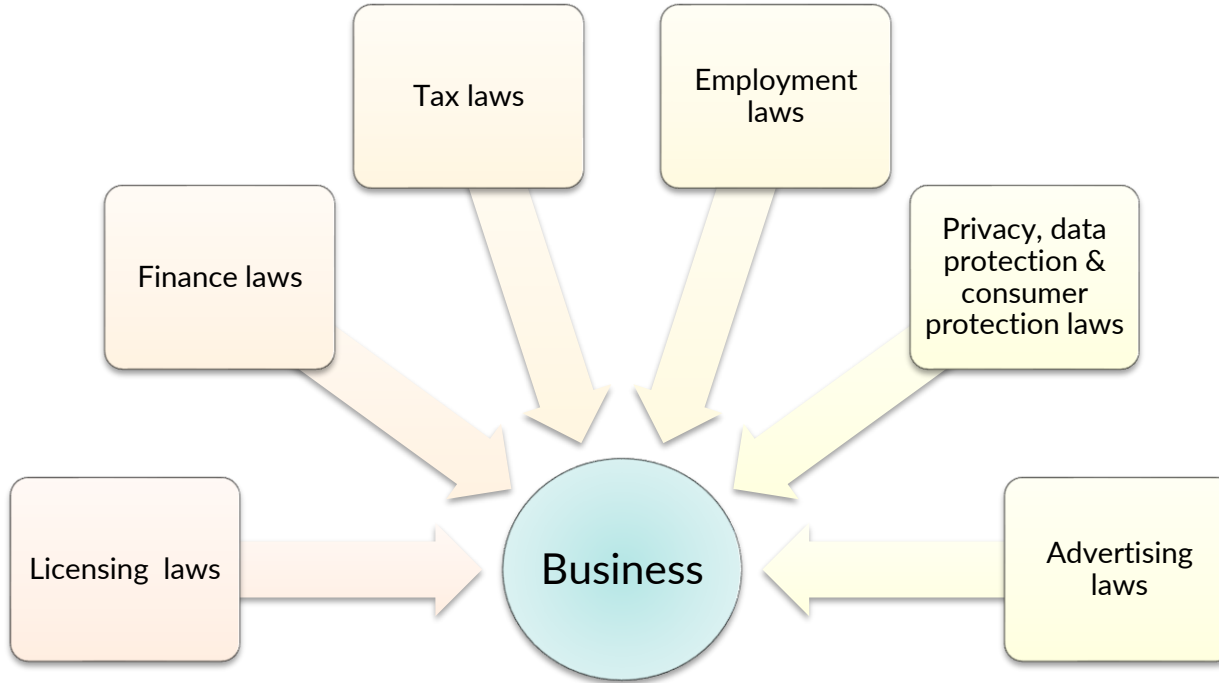
Baseline levels for businesses



UN Sustainable Development goals

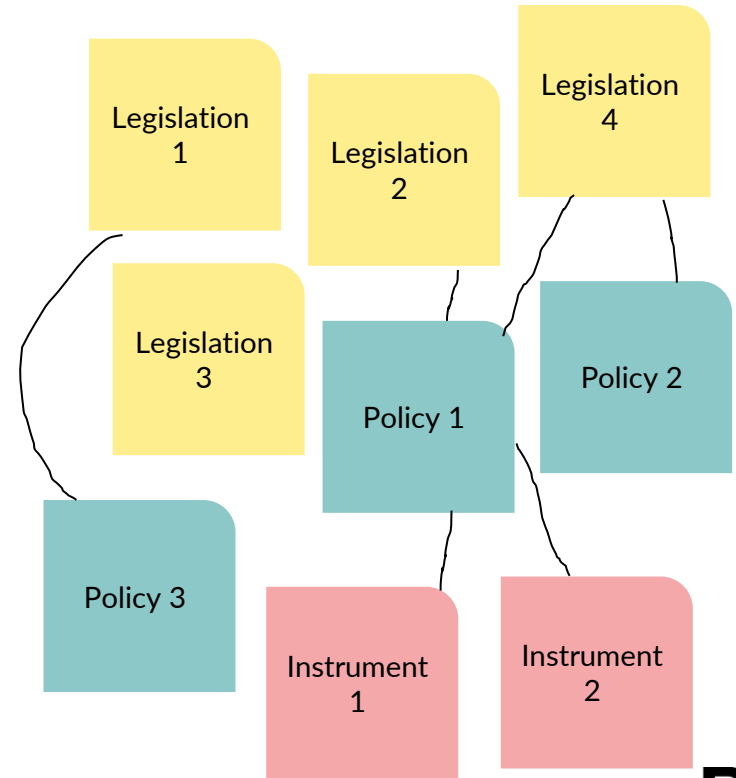


Step 1.a - Legal Baseline for any business



Step 1.b - Legal baseline for the industry

- Brainstorm all the legislation, policy and other instruments that are relevant for the industry
- Understand what is mandatory, what is voluntary and what is "nice-to-have"
- Create connections



Step 2 + Step 3

- Based on the "legislation-mindmap" for the industry and the company (voluntary & "other") companies can select the **instruments**, other **strategies** and **tools** that they wish to consider as relevant from both a strategic and operational level.



Policies & Initiatives - EU



State-of-the-art

Relevant Legislative Policies	Voluntary Instruments
<ul style="list-style-type: none">• Green Deal (overarching EU strategy)• Circular Economy Action Plan (COM(2015)614)• Waste Electrical and Electronic Equipment Directive (WEEE)• Restriction of hazardous substances in Electrical and Electronic Equipment (ROHS)• Energy related Products Directive (ErP or eco-design directive)• Extended Producers Responsibility (EPR schemes)• Hazardous substances / REACH Regulation• Formaldehyde emissions• EU's rules on "end-of-waste" criteria• Flame retardants• Renewable energy Directive (RED II)• Illegal logging and illegal timber trade	<ul style="list-style-type: none">• Green Public Procurement• Environmental management in organisations• Eco design methodology• Eco labels (Type I, II, and III)• Chain of custody certification• Green building certification• The ReSOLVE (Regenerate, Share, Optimise, Loop, Virtualise, Exchange) framework• ISO / TC 323 - CEN TC 207
	<h3 data-bbox="973 696 1624 732">Other Policies and Strategies (industry)</h3> <ul style="list-style-type: none">• Cascading use of wood• EU industry policy for Forestry• Forest-based Industries Blueprint• Bioeconomy

A legal/policy Scoreboard: useful tool to...

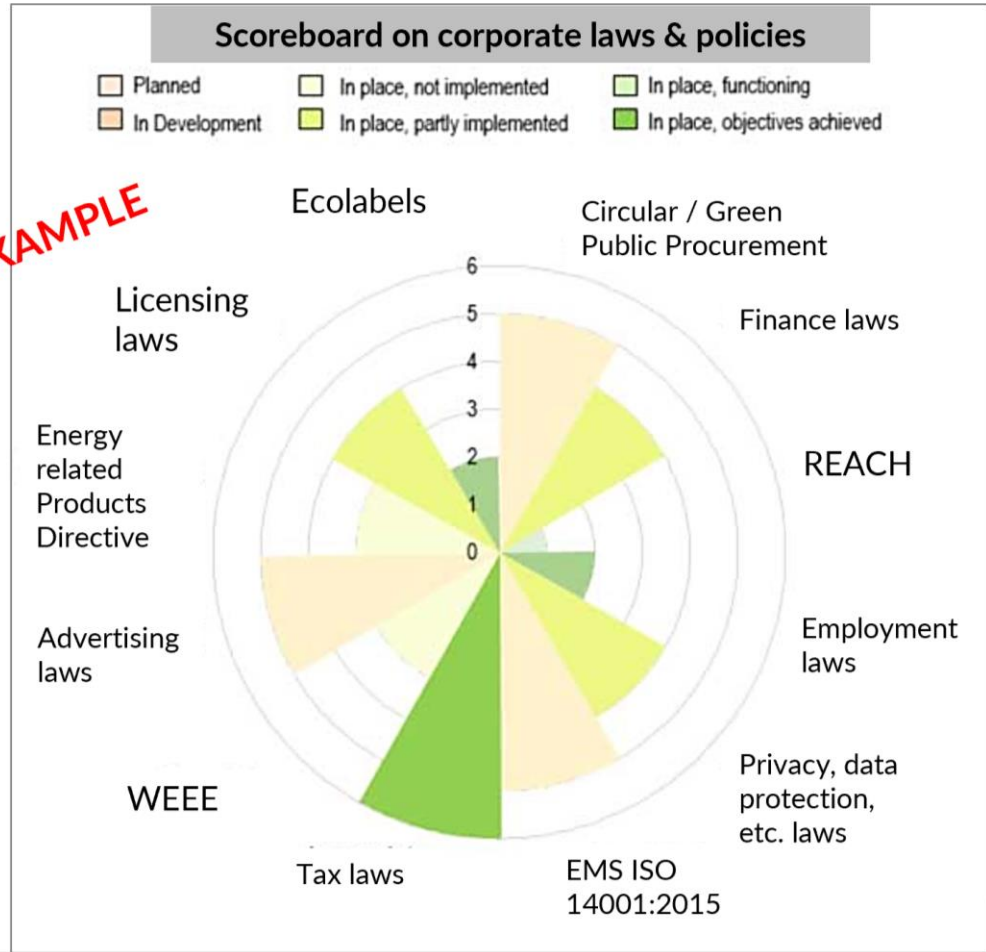
- Map out
- Visualise
- Assess status of

overall legal & voluntary baseline
(Step 1 + Step 2 + Step 3)

- Decision-making tool

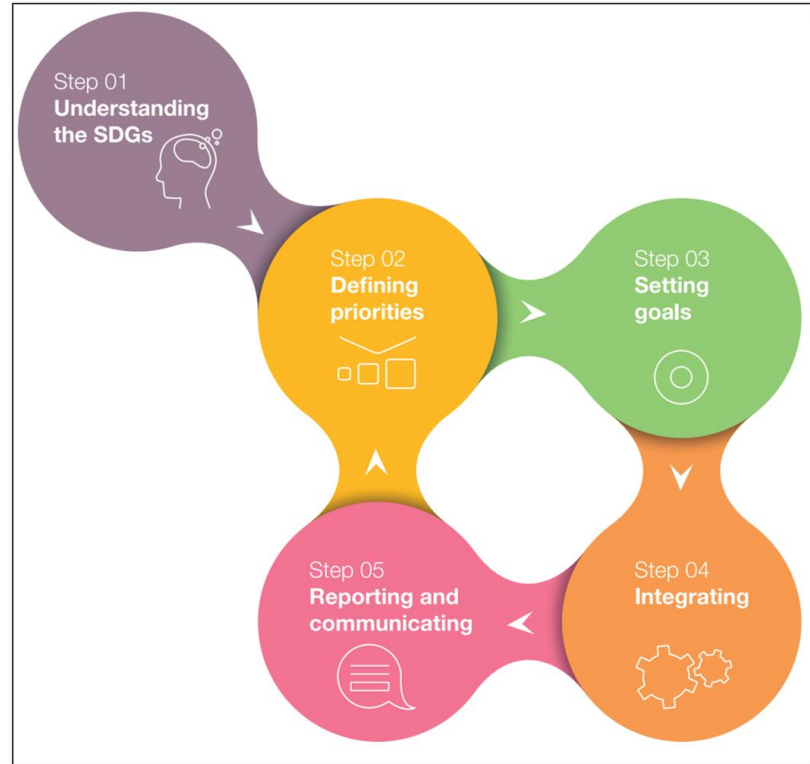
Adapted from: <https://www.oecd-ilibrary.org/sites/724e5c45-en/index.html?itemId=/content/component/724e5c45-en>

EXAMPLE



For a broader approach

- The UNSDGs compass is a useful tool to fully consider and incorporate all sustainability aspects and link them to specific strategic, legal and voluntary baseline
- Could be used to implement status check baseline highlighted with the scoreboard



Source: <https://sdgcompass.org/>

Looking ahead

Outstanding questions

- As many policies are still **work in process** we still do not know what will be included in the final versions, or how Sweden will interpret/transpose the directives into Swedish law.
- How will policies such as CSRD and CS3D affect **companies that are not covered** by said policies, but are part of a value chain in which there are companies who are covered by the policies?
 - E.g. SME suppliers or retailers
- How and when will the outcome of the new policies affect how Swedish product companies choose to operate? Short-term and long-term e.g. in relation to:
 - Overall strategy
 - Internal risk processes
 - Financiers' behaviour
 - Consumer behaviour
 - EU's 2050 long-term strategy on climate neutrality

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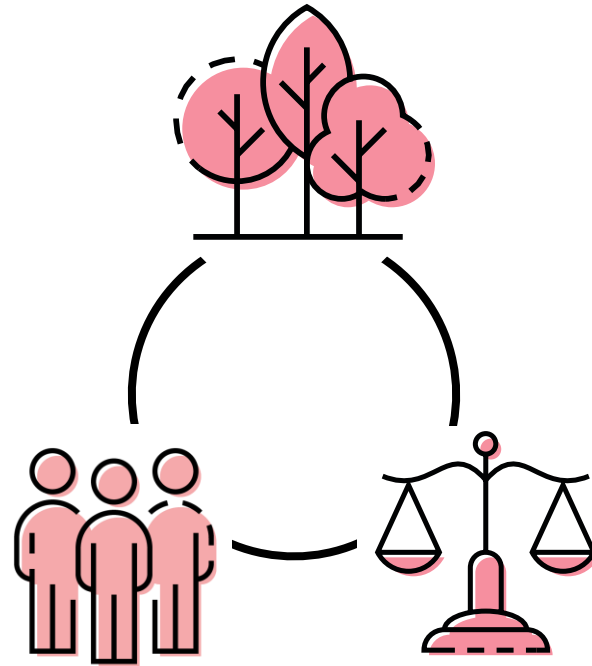
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Appendix

Broad sustainability

- CS3D
- CSRD
- Taxonomy regulation
- Sustainable Consumption Pledge



Corporate Sustainability due Diligence Directive – CS3D

Status : Proposed by the Commission

Type : Regulatory

What is included



Affected entities



When



How will companies be affected?



Due diligence

- (a) integrating due diligence into their policies;
- (b) identifying actual or potential adverse impacts;
- (c) preventing and mitigating potential adverse impacts, and bringing actual adverse impacts to an end and minimising their extent; establishing and maintaining a complaints procedure;
- (d) monitoring the effectiveness of their due diligence policy and measures;
- (e) publicly communicating on due diligence

Additional content

- (g) Plan to combat climate change
- (h) Civil liability – companies are liable for damages
- (i) Directors' duty of care – directors should take into account sustainability matters when acting in the best interest of the company

Large EU limited liability companies:

- Group 1:
- > 500 employees *and*,
 - > €150 million turnover worldwide

- Group 2:
- > 250 employees *and*,
 - > €40 million turnover worldwide *and*,
 - Operating in defined high impact sectors, e.g. textiles, agriculture, extraction of minerals. (See paragraph 22 of the directive proposal)

Non-EU companies:

- Third country companies active in the EU with turnover threshold aligned with Group 1 and 2, generated in the EU.

Micro companies and SMEs are not concerned by the proposed rules. However, the proposal provides supporting measures for SMEs, which could be indirectly affected.

Group 1: TBD

Group 2: Two years later than Group 1.

a-f) Need to establish and operate due diligence process, and take action where needed to adhere to the directive

g) Group 1 and non-EU companies with turnover threshold aligned with Group 1 shall adopt a plan that the business model and strategy of the company are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement.

h) If a company fails to prevent or mitigate harm, and harm happens to a person or the environment, then that company can be sued in court.

i) when fulfilling their duty to act in the best interest of the company, directors of companies referred to in Article 2(1) take into account the consequences of their decisions for sustainability matters, including, where applicable, human rights, climate change and environmental consequences, including in the short, medium and long term.

The due diligence has to be carried out both upstream and downstream.

Why does the EU need to foster sustainable corporate behaviour and responsible corporate governance?



- A broad range of stakeholder groups, including civil society representatives, EU citizens, businesses as well as business associations, **have been calling for mandatory due diligence rules**. 70% of the businesses who responded to the public consultation sent a clear message: **EU action on corporate sustainability due diligence is needed**.
- Businesses play a key role in creating a sustainable and fair economy and society. **A third** of companies recognise the need to act and take measures to address adverse effects of their actions on human rights or the environment, but progress is slow and uneven. The increasing complexity and global nature of supply chains makes it challenging for companies to get reliable information on suppliers' operations. The fragmentation of national rules on corporate, sustainability-related due diligence obligations further slows down the take-up of good practices. Stand-alone measures by some Member States are not enough to help companies exploit their full potential and act sustainably.

Corporate Sustainability Reporting Directive – CSRD

Status : Adopted

Type : Regulatory

What is included



Replaces the Non-Financial Reporting Directive and extends its scope.

Covered companies have to publish information related to

- environmental matters
- social matters and treatment of employees
- respect for human rights
- anti-corruption and bribery
- diversity on company boards (in terms of age, gender, educational and professional background)

EU Sustainable Reporting Standards (Delegated acts for sectors and SMEs)

Affected entities



All listed companies except listed micro-companies.

Companies meeting at least two of the following three criteria:

- > €20 million balance sheet
- > €40 million net turnover
- > 250 employees

When



From 1 January 2024 for large public-interest companies (with over 500 employees) already subject to the non-financial reporting directive, with reports due in 2025;

From 1 January 2025 for large companies that are not presently subject to the non-financial reporting directive, with reports due in 2026;

From 1 January 2026 for listed SMEs and other undertakings, with reports due in 2027. SMEs can opt-out until 2028.

How will companies be affected?



Compared to NFRD, CSRD will:

- extend the scope to all large companies and all companies listed on regulated markets (except listed micro-enterprises)
- require the audit (assurance) of reported information
- introduce more detailed reporting requirements, and a requirement to report according to mandatory EU sustainability reporting standards
- require companies to digitally 'tag' the reported information, so it is machine readable and feeds into the European single access point envisaged in the capital markets union action plan

Taxonomy regulation

Status : Adopted

Type : Regulatory/facilitating

What is included



The taxonomy is a list of economic activities with set criteria of what constitutes **substantial contribution** and **do no significant harm** for one or several environmental objectives.

The six environmental objectives

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

Technical screening criteria for each environmental objective are defined in delegated acts.

Affected entities



Entities under the scope of NFRD (will be replaced by CSRD)

Currently, the sectors covered by the EU Taxonomy are:

- Arts, entertainment and recreation
- Construction and real estate activities
- Education
- Energy
- Environmental protection and restoration activities
- Financial and insurance activities
- Forestry
- Human health and social work activities
- Information and communication
- Manufacturing
- Professional, scientific and technical activities
- Transport
- Water supply, sewerage, waste management and remediation

Financial institutions are not discussed further in this presentation.

When



2022: Financial institutions and large companies report on Taxonomy **eligibility**. Climate change mitigation and adaptation.

2023: Large companies report the full KPIs on Taxonomy **alignment**. All environmental objectives.

2024: Financial institutions report the full KPIs on Taxonomy **alignment**. All environmental objectives.

2026: CSRD applies to listed SMEs

How will companies be affected?



The aim of the regulation is to facilitate sustainable investment.

All companies covered by the taxonomy regulation have to disclose KPIs on what percentage of their turnover, CAPEX and OPEX are **eligible** and **aligned** with economic activities and their respective technical screening criteria listed in the taxonomy.

Covered companies that are not engaging in any economic activities that are included in the taxonomy list simply have to report 0% **eligibility** and 0% **alignment**.

Sustainable Consumption Pledge

Status : Active

Type : Voluntary

What is included



Companies who take the pledge commits to the first point below and at least one of the others

- Identify the carbon footprint and reduce it by setting targets that can be measured and checked in the coming years
- identify your environmental footprint (such as impacts related to water, air, resources, land use and toxicity) and reduce it
- Increase circularity in your activities (e.g. use more recycled or sustainably-sourced material, generate less waste, lower energy consumption in production processes)
- respect social sustainability across your company's supply chain

Affected entities



Voluntary companies of all sizes that manufacture non-food products or provide services, including retailers).

When



From 2021 and onwards

How will companies be affected?

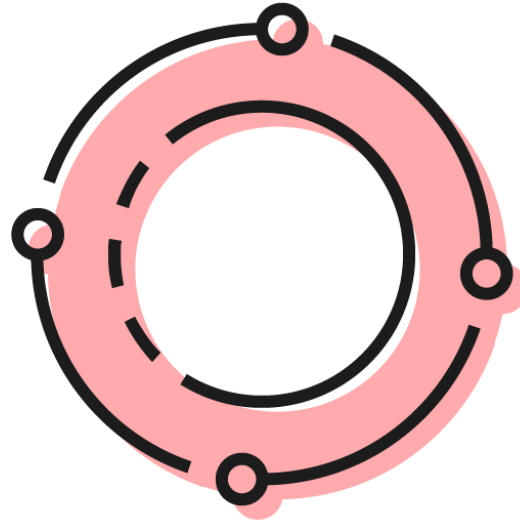


Complete actions according to the pledge.

Publish progress at least once a year.

Circular economy specific

- ESRS 5
- CRD
- Taxonomy CE delegated act



ESRS 5 Resource use and circular economy

Status : Draft

Type : Mandatory standard under CSRD

What is included



The Standard sets out disclosure requirements related to "resource use and circular economy" (the depletion of non-renewable resources and the regeneration of renewable resource):

1. Policies implemented to manage resource use and circular economy
2. Measurable targets for resource use and circular economy
3. Resource use and circular economy action plans
4. Resource inflows
5. Resource outflows
6. Waste
7. Resource use optimisation
8. Circularity support
9. Financial effects from resource use and circular economy related impacts, risks and opportunities

Affected entities



Companies covered by the CSRD

Key products value chain:

- a) Electronics and ICT
- b) Batteries and vehicles
- c) Packaging
- d) Plastics
- e) Textiles
- f) Construction and buildings
- g) Food, water and nutrients

When



Time of reporting set by the CSRD

From 1 January 2024 for large public-interest companies (with over 500 employees) already subject to the non-financial reporting directive, with reports due in 2025;

From 1 January 2025 for large companies that are not presently subject to the non-financial reporting directive, with reports due in 2026;

From 1 January 2026 for listed SMEs and other undertakings, with reports due in 2027. SMEs can opt-out until 2028.

How will companies be affected?



The **disclosure requirements** will enable users of the sustainability statements to understand:

- a) how the company affects resource use, including depletion of non-renewable resources and regenerative production of renewable resources in terms of positive and negative material actual or potential adverse impacts
- b) any actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts arising from resource use and circular economy, including its measures to help decoupling its economic growth from the use of materials
- c) any plans and capacity of companies to adapt its business model and operations in line with circular economy principles including but not limited to minimising waste, maintaining the value of products, materials and other resources and enhancing their efficient use in production and consumption
- d) the nature, type and extent of the companies' material risks and opportunities related to the companies' impacts and dependencies, arising from resource use and circular economy, and how they manages them
- e) the effects of risks and opportunities, related to the companies' impacts and dependencies on resource use and circular economy, on the companies' development, performance and position over the short, medium and long term and therefore on its ability to create enterprise value

Key products value chain are further required to report:

- The overall total weight of products and materials used
- The weight in both absolute value and percentage of:
 - renewable input materials from regenerative sources
 - reused or recycled products and materials (non-virgin) used to manufacture the products and services (including packaging)

Consumer Rights Directive – CRD, amendment

Status : Proposal by the Commission

Type : Regulatory

What is included



The list of information to be provided to the consumer in a clear and comprehensible manner amended to include **six additional items**

Affected entities



Applies to any contract concluded between a trader and a consumer where the consumer pays or undertakes to pay the price.

There are contracts that are exempted from the directive. Examples of exempted contracts are contracts for:

- social services
- healthcare
- gambling
- financial services
- immovable property
- construction of new buildings
- rental of accommodation for residential purposes

For the full list see Directive 2011/83/EU Article 3(3)

When



Necessary laws, regulations and administrative provisions should be adopted by Member States and applied 24 months from EU adoption.

How will companies be affected?



- 1) information on the existence and length, of a producer's commercial guarantee of durability for all types of goods, when this information is made available by the producer;
- 2) information that no information has been provided by the producer about the existence of a producer's guarantee of durability for energy-using goods;
- 3) the existence and length of the period during which the producer commits to providing software updates for goods with digital elements;
- 4) the existence and length of the period during which the provider commits to providing software updates for digital content and digital services;
- 5) the reparability score of the good as applicable under Union law;
- 6) other repair information, should no reparability score be available at Union level – such as information on the availability of spare parts and a repair manual

Taxonomy delegated act – Transition to circular economy

Status : Recommendation by Platform on Sustainable Finance

Type : Mandatory

List of economic activities* – Circular economy

Manufacturing

- Manufacture of plastic packaging goods
- Manufacture of electrical and electronic equipment
- Wearing apparel, except articles of fur and leather: manufacturing, repairing/refurbishing/remanufacturing and sale of spare parts, sale of second-hand, products-as-a-service and other circular use- and result-oriented service models
- Footwear and leather goods: manufacturing, repairing/refurbishing/remanufacturing and sale of spare parts, sale of second-hand, products-as-a-service and other circular use- and result-oriented service models
- Furniture: manufacturing, repairing/ refurbishing/remanufacturing and sale of spare parts, sale of second-hand, products-as-a-service and other circular use- and result-oriented service models
- Repair, refurbishment and remanufacturing, and sale of spare parts
- Preparation for re-use of end-of-life products and product components
- Sale of second-hand goods
- Product-as-a-service and other circular use- and result-oriented service models
- The transition to a circular economy (food products and beverages)

Construction and buildings + ICT + Emergency Services

- Construction of new buildings
- Renovation of existing buildings
- Maintenance of roads and motorways

Restoration and Remediation + Tourism

- Remediation activities (the transition to a circular economy – NACE E39, 33.20, 43.11, 43.12, 71.12, 71.20, 74.9, 81.30)

Water Supply, Sewerage, and Waste Management

- Phosphorus recovery from waste water
- Production of alternative water resource
- Collection and transport of non-hazardous and hazardous waste as a means for material recovery
- Treatment of hazardous waste (the transition to a circular economy – NACE E38.22, E38.32, F42.9)
- Recovery of bio-waste by anaerobic digestion and/or composting

* The list is complemented by NACE codes and defined technical criteria for alignment

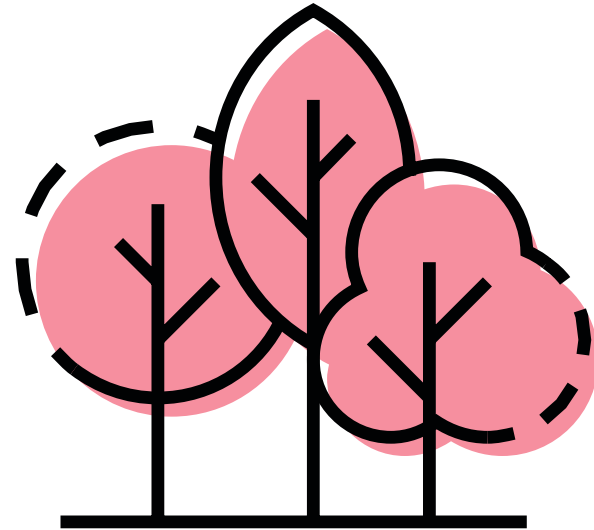
Taxonomy delegated act – Transition to circular economy

An economic activity shall qualify as contributing substantially to the transition to a circular economy, including waste prevention, re-use and recycling, where that activity:

- a) **uses natural resources**, including sustainably sourced bio-based and other raw materials, in production **more efficiently**, including by:
 - a) reducing the use of primary raw materials or increasing the use of by-products and secondary raw materials; or
 - b) resource and energy efficiency measures;
- b) **increases the durability, reparability, upgradability or reusability** of products, in particular in designing and manufacturing activities;
- c) **increases the recyclability** of products, including the recyclability of individual materials contained in those products, inter alia, by substitution or reduced use of products and materials that are not recyclable, in particular in designing and manufacturing activities;
- d) **substantially reduces** the content of **hazardous substances** and substitutes substances of very high concern in materials and products **throughout their life cycle**, in line with the objectives set out in Union law, including by replacing such substances with safer alternatives and **ensuring traceability**;
- e) **prolongs the use of products**, including through reuse, design for longevity, repurposing, disassembly, remanufacturing, upgrades and repair, and sharing products;
- f) **increases the use of secondary raw materials** and their **quality**, including by high-quality recycling of waste;
- g) **prevents or reduces waste generation**, including the generation of waste from the extraction of minerals and waste from the construction and demolition of buildings
- h) **increases preparing for the re-use and recycling of waste**;
- i) increases the development of the waste management infrastructure needed for prevention, for preparing for re-use and for recycling, while ensuring that the recovered materials are recycled as high-quality secondary raw material input in production, thereby avoiding downcycling;
- j) minimises the incineration of waste and avoids the disposal of waste, including landfilling, in accordance with the principles of the waste hierarchy;
- k) avoids and reduces litter; or
- l) **enables** any of the activities listed in points (a) to (k) of this paragraph in accordance with Article 16

Eco-sustainability

- Ecodesign and Energy Labelling Working plan 2022-2024
- ESPR
- ESPR delegated acts
- UCPD
- CPR
- Waste Shipment Regulation



Ecodesign and energy labelling working plan 2022-2024

Status : Adopted

Type : Communication under Ecodesign Directive

What is included



The Ecodesign Directive is a framework directive which sets out implementing measures in working plans.

- a) Review of existing measures
- b) Work with new measures
- c) Work with measures concerning tyre labelling
- d) Continued work with introducing requirements on reparability, recyclability, ease of end-of-life disassembly and reuse.
- e) Explore the possibility to introduce a repair score label for products such as smart phones and tablets.

Affected entities



All energy using products sold in the domestic, commercial and industrial sectors except means of transport.

30 energy-related product groups

When



The working plan spans between 2022-2024.

Implementation date of measures planned in the current working plan is TBD

How will companies be affected?



- a) Prioritised product groups:
 - Heating and cooling appliances
 - Product groups with energy labels up for rescaling
 - Review groups with significant additional savings potential in terms of energy or material such as water pumps, fans, external power suppliers
- b) Introducing ecodesign requirements and energy labelling for
 - Mobile phones and tablets
 - Solar photovoltaic modules, inverters and systems
 - Imaging equipment

ESPR – Ecodesign for Sustainable Products Regulation

Status : Proposal by the Commission

Type : Framework regulation

What is included



- a) Minimum ecodesign requirements – to be elaborated in delegated acts
- b) Digital Product Passport (DPP) – to be elaborated in delegated acts
- c) Information requirements for labels – to be elaborated in delegated acts
- d) Disclosure requirements for destruction of unsold consumer goods
- e) Green Public Procurement ecodesign requirements – to be elaborated in delegated acts
- f) Economic incentives

Affected entities



- a, b, c) Any physical good that is placed on the market or put into service, including components and intermediate products. Excepts certain products of food, feed, medicinal, see Article 1(2) COM(2022) 142.
- d) SMEs generally not included
- e) Public actors

When



Start-up period 2022-2027, followed by full-scale operation.

The Commission will adopt a working plan covering at least 3 years, setting out a list of product groups for which it intends to establish ecodesign requirements.

Product groups will be prioritized based on potential contribution to climate, environmental and energy efficiency objectives, see article 16(1).

How will companies be affected?



- a) Adhere to the minimum ecodesign requirements which means performance requirements or information requirements aimed at making a product more environmentally sustainable (see next slide)
- b) Companies will have to ensure data to meet the requirements and set up operation to manage the DPPs.
- c) Companies will have to ensure data to meet the requirements and set up operation to manage the labels.
- d) Potential prohibition of destruction of certain products. Otherwise, disclosure **volume** of discarded products per year, **reason** for the discarding, and **delivery** of discarded products to preparing for re-use remanufacturing, recycling, energy recovery and disposal operations in accordance with the waste hierarchy.
- e) Ecodesign requirements for public contracts, including mandatory technical specifications and selection criteria.
- f) Allowing Member States to incentive consumers to make sustainable choices by mechanisms such as eco-vouchers and green taxation targeted at products in the two highest classes of sustainability performance

ESPR – Product specific delegated acts

Status : To be drafted

Type : Delegated acts

What is included



The delegated acts will include product-specific requirements

Affected entities



Any physical good that is placed on the market or put into service, including components and intermediate products

Indication on prioritized product groups may be the "key product value chains" presented in the CEAP:

- Electronics and ICT
- Batteries and vehicles
- Packaging
- Plastics
- Textiles
- Construction and buildings
- Food, water and nutrients

When



2024-2027: Up to 18 delegated acts to be prepared and adopted

2028-2030: 12 additional delegated acts to be adopted

How will companies be affected?



Key product aspects under ESPR:

- (a) durability;
- (b) reliability;
- (c) reusability;
- (d) upgradability;
- (e) reparability;
- (f) possibility of maintenance and refurbishment;
- (g) presence of substances of concern;
- (h) energy use or energy efficiency;
- (i) resource use or resource efficiency;
- (j) recycled content;
- (k) possibility of remanufacturing and recycling;
- (l) possibility of recovery of materials;
- (m) environmental impacts, including carbon and environmental footprint;
- (n) expected generation of waste materials.

Supply chain will be required to provide, upon request, manufacturers, notified bodies and competent national authorities with available information related to their supplies or services that is relevant in order to verify compliance with ecodesign requirements.

Unfair Commercial Practices Directive - UCPD, amendment

Status : Proposal by the Commission

Type : Regulatory

What is included



- a) The list of product characteristics about which trader should not deceive a consumer is to include **environmental or social impact, durability and repairability**
- b) **Two additional practices** are to be considered misleading commercial practices
- c) **Ten additional commercial practices** are to be considered unfair in all circumstances

Affected entities



Applies to unfair business-to-consumer commercial practices.

Business-to-consumer commercial practices means any act, omission, course of conduct or representation, commercial communication including advertising and marketing, by a trader, directly connected with the promotion, sale or supply of a product to consumers

When



Necessary laws, regulations and administrative provisions should be adopted by Member States and applied 24 months from EU adoption.

How will companies be affected?



- b1) Making environmental claims related to future environmental performance without objective and verifiable commitments and targets and an independent monitoring system.
- b2) Advertising benefits for consumers that are considered as a common practice.
- c1) Displaying a sustainability label which is not based on a certification scheme or not established by public authorities.
- c2) Making a generic environmental claim for which the trader is not able to demonstrate recognised excellent environmental performance relevant to the claim.
- c3) Making an environmental claim about the entire product when it concerns only an aspect of the product.
- c4) Presenting mandatory requirements for the product category as a distinctive feature of the trader's offer.
- c5) Omitting to inform that a software update will negatively impact the use of goods with digital elements or features of those goods even if the update improves of other features.
- c6) Omitting to inform about the existence of a feature of a good introduced to limit its durability.
- c7) Claiming that a good has a certain durability in terms of usage time or intensity when it does not.
- c8) Presenting products as allowing repair when they do not or omitting to inform the consumer that goods do not allow repair in accordance with legal requirements.
- c9) Inducing the consumer into replacing the consumables of a good earlier than for technical reasons is necessary.
- c10) Omitting to inform that a good is designed to limit its functionality when using consumables, spare parts or accessories that are not provided by the original producer.

Construction Products Regulation – CPR, revision

Status : Proposal by the Commission

Type : Regulatory

What is included



Main changes compared to current CPR are:

- The Commission may adopt technical specifications aside from the standardisation system
- Environmental, functional and safety requirements for construction products.
- Establishment of a 'harmonised zone', as opposed to the areas under the responsibility of the Member States.
- Manufacturers have to provide a declaration of conformity in addition to a declaration of performance
- Provide a list of general sustainability requirements (to be defined per product family in acts/harmonised standards).
- Extending the role of the product contact points for construction to support economic operators.
- Align with the ESPR on climate and environmental sustainability and on the Digital Product Passport.

Affected entities



Construction products and used construction products

A clearer definition of the scope and inclusion of reused and 3D-printed construction products and pre-fabricated houses will be provided.

When



Implementation with start-up period from 2024.

Full scale operation 2025 or later, subject to time of adoption.

How will companies be affected?



Manufacturers will have to deliver environmental information about the life-cycle of their products. Moreover, they will have to comply with several obligations, including:

- Design and manufacture a product and their packaging in such a way that their overall environmental sustainability reaches the state of the art level
- Give preference to recyclable materials and materials gained from recycling
- Respect the minimum recycled content obligations and other limit values regarding aspects of environmental sustainability
- Make available, in product databases, instructions for use and repair of the products
- Design products in such a way that re-use, remanufacturing and recycling are facilitated

Manufacturer shall draw up a declaration of performance and a declaration of conformity (compliance with product requirements) and affix the CE marking.

Batteries Regulation

Status : Adopted

Type : Regulatory

What is included



Replaces the Batteries Directive. The proposed new Regulation suggests mandatory requirements on:

- sustainability and safety (such as carbon footprint rules, minimum recycled content, performance and durability criteria, safety parameters);
- labelling and information (such as storing of information on sustainability and data on state of health and expected lifetime);
- end-of-life management (such as extended producer responsibility, collection targets and obligations, targets for recycling efficiencies and levels of recovered materials);
- obligations of economic operators linked to product requirements and due diligence schemes;
- electronic exchange of information.

Affected entities



All batteries, namely portable batteries, automotive batteries, electric vehicle batteries and industrial batteries, regardless of their shape, volume, weight, design, material composition, use or purpose. It also applies to batteries incorporated in or added to other products.

Batteries in equipment for Member States' military purposes as well as equipment designed to be sent into space are **exempted**.

SMEs are exempted of the requirement to develop and implement a supply chain due diligence policy

When



Implementation with a start-up period from 2023 to 2028, followed by full-scale operation

How will companies be affected?



The regulation which will be complemented with delegated acts.

Key measures:

- carbon footprint declaration and label for EV batteries, LMT batteries and rechargeable industrial batteries with a capacity above 2kWh
- consumers must easily be able to remove and replace portable batteries in appliances
- batteries will carry labels and QR codes with information on capacity, performance and durability
- economic operators placing batteries on the EU market will be required to develop and implement a supply chain due diligence policy
- collection targets are set at 73% by 2030 for portable batteries, and at 61% by 2031 for LMT batteries
- Minimum levels of recycled cobalt (20%), lead (85%), lithium (10%) and nickel (12%) in new batteries by 2035
- All waste LMT, EV, SLI and industrial batteries must be collected, free of charge for end-users, regardless of their nature, chemical composition, condition, brand or origin

The new Waste Shipment Regulation

Status : Proposal

Type : Regulatory

What is included



Main measures affecting companies:

- **For countries that are not members of the OECD**, exports of waste from the EU would be made conditional on an official request from the country to import non-hazardous waste from the EU and demonstration that it can recover it in a sound manner.
- The Commission will suspend export of waste to OECD countries if there is no guarantee that this treatment is sustainable.
- **EU exporting companies** would have to carry out **independent audits** for their waste exports outside the EU. These audits should demonstrate that the facilities treat this waste in an environmentally sound manner. EU companies would only be authorised to export to these facilities if this is the case.
- Specific binding criteria will be developed to differentiate between waste and used goods for specific commodities of a particular concern, such as used vehicles and batteries.
- New and stricter conditions for shipments of waste for incineration or landfilling between EU countries

Affected entities



The proposal covers all types of waste with few exceptions such as:

- Waste generated on board vehicles, trains, aeroplanes and ships
- Radioactive waste
- Certain animal by-product
- CO2 for the purpose of geological storage

When



Implementation with a start-up period from 2024-2024

Followed by full-scale operation

How will companies be affected?



- EU exporting companies would have to carry out independent audits for their waste exports outside the EU.
- EU exports of non-hazardous waste would be allowed only to those non-OECD countries that give their consent and demonstrate their ability to treat this waste sustainably.
- The procedures governing the shipment of waste between EU member states is to be digitalised.

Waste generating companies may be indirectly affected as a result of higher thresholds to export waste.

Links

Policy	Useful links
Corporate Sustainability due Diligence Directive	<p>Q&A: https://ec.europa.eu/commission/presscorner/detail/en/qanda_22_1146</p> <p>Proposal text: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022PC0071</p>
Corporate Sustainability Reporting Directive	<p>Q&A: https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_1806</p> <p>Adopted text: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022L2464</p>
Sustainable Consumption Pledge	Webpage: https://commission.europa.eu/strategy-and-policy/policies/consumers/consumer-protection-policy/sustainable-consumption-pledge_en
Taxonomy Regulation	FAQ: https://finance.ec.europa.eu/system/files/2021-04/sustainable-finance-taxonomy-faq_en.pdf
ESRS5	EFRAG Draft: https://www.efrag.org/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FsiteAssets%2FED_ESRS_E5.pdf
Consumer Rights Directive	<p>Overview: https://ec.europa.eu/commission/presscorner/detail/en/ip_22_2098</p> <p>Proposal text: https://eur-lex.europa.eu/eli/dir/2019/2161/oj</p>
Taxonomy delegated act - Transition to circular economy	Platform for sustainable finance report: https://finance.ec.europa.eu/system/files/2022-04/220330-sustainable-finance-platform-finance-report-remaining-environmental-objectives-taxonomy_en.pdf
Ecodesign and energy labelling working plan 2022-2024	<p>Summary: https://commission.europa.eu/news/ecodesign-and-energy-labelling-working-plan-2022-2024-2022-04-06_en</p> <p>Communication: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022XC0504%2801%29&qid=1651649049970</p> <p>Proposal text: https://environment.ec.europa.eu/system/files/2022-03/COM_2022_142_1_EN_ACT_part1_v6.pdf</p>
Ecodesign for Sustainable Products Regulation	<p>Parliament briefing: https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733524/EPRS_BRI(2022)733524_EN.pdf</p> <p>Overview: https://ec.europa.eu/commission/presscorner/detail/en/ip_22_2098</p>
Unfair Commercial Practices Directive	<p>Proposal text: https://eur-lex.europa.eu/eli/dir/2019/2161/oj</p> <p>Q&A: https://ec.europa.eu/commission/presscorner/detail/en/QANDA_22_2121</p>
Construction Products Regulation	Proposal text: https://ec.europa.eu/docsroom/documents/49315
Batteries Regulation	Proposal text: https://eur-lex.europa.eu/resource.html?uri=cellar:4b5d88a6-3ad8-11eb-b27b-01aa75ed71a1.0001.02/DOC_1&format=PDF
Waste Shipment Regulation	<p>Q&A: https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_5918</p> <p>Proposal text: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022PC0071</p>