# Developed response to the questionnaire on Sustainable Product Initiative

The confederation of Swedish Enterprise supports the Commissions initiative on Sustainable Product Initiative and want to make the following contribution to the consultation. The document includes more general positions and comments to each of the questions in the questionnaire. Swedish Enterprise brings together 60,000 companies and 50 industry and employer organisations and are the voice of Swedish enterprise. We work on issues that are important to all companies, irrespective of sector and size.  We thank the European Commission for the opportunity to provide comments to The Sustainable product initiative.

## 1 – Challenges to making products sustainable

The development of more sustainable products is ongoing, but more needs to be done. There are many different reasons as to why there are still non-sustainable products on the market. Swedish Enterprise agrees with several of the statements being made in the consultation regarding market and policy related challenges. Many of these challenges are to be handled by the business community, but also other societal actors along the value chain need to contribute and do their share to enable the circular economy.

Today, there is in general lack of information across the value chain to promote prolonged product life and recycling. In many cases, products to a higher extent need to be developed and designed to enable prolonged product life by repair, refurbishment etc, and efficient recycling at end-of-life. The prerequisites, however, varies between product categories since there are also are other aspects, like safety requirements, desired technical features and durability to take into account. The service sector linked to services prolonging product life needs to be further developed, affordable and made more available to consumers. Information to consumers about products' sustainability performance is important. However, information itself doesn´t always result in informed sustainable decisions, as other aspects also play a role. It is in addition a challenge to communicate large amounts and complex information to the consumer in an accessible way.

Swedish Enterprise also wants to highlight some additional challenges. Many existing regulations, for example the chemical legislation and product safety legislation, are not fit for promoting circular products and materials. Therefore, it is necessary to carry out an extensive analysis, identifying what legislation that need to be revised to promote circular flows. For European companies, one considerable challenge is competing

with products produced outside of the Union and where other legislation applies. This risk hampering the development of sustainable products in the EU. New rules within the SPI must apply to both imported products and products sold at platforms and it is crucial with an increased market surveillance to verify compliance.

## 1A Market related statements

To what extent do you agree that the following **market-related** statements explain why products sold in the EU are not more sustainable?

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| a. Economic actors do not have adequate and reliable information on the sustainability of products | **A Agree** Available information varies between different economic actors in the value chain. The original manufacturer has sufficient information about the product, but the information from players later in the chain probably decreases the further away from the original manufacturer the product comes. Available information also varies depending on the type of company (eg large and small) and product and where the products are manufactured. Companies generally need more information in their value chain for circular products |
| b. Products such as electronics become obsolete quickly because of technological innovations | **B Agree.** Technological development for electrical products is rapid, which leads to products becoming obsolete. Technology development is positive and needs to be acknowledged, but it is important that possibilities of upgrading increase and that efficient recycling of the products takes place at end-of-life. Opportunities for upgrades are constantly increasing and are an important development for increased product life. It is important to point out that the technical life of products today is longer than the actual one, i.e. consumers often tend to want to have the latest version on the market and feel that the product is obsolete, not that it actually is. Greater collaboration between hardware and software manufacturers may also be needed to reduce the need to replace fully functional hardware because it is no longer compatible. |
| c. Some products are designed for shorter term use due to changing fashion trends | **C Agree.** This is true for some types of products but not for all. |
| d. Many products are not designed to be easily repaired or upgraded | **D Agree**. This is partly true, but there are also products that already today are designed to be repaired and upgraded. Incentives are needed for companies to increase the possibility of repairs and upgrades. One example of reducing the costs of repairs is to implement a tax |

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| | reduction for labor costs, similar to the system we have in place in Sweden (RUT) but which currently does not cover enough types of repairs. |
| e. Some products are designed to break down after a certain amount of time (planned obsolescence) | **E Do not know/no opinion.** The term is in many cases misleading and suggests that companies would do something out of ill will. The vast majority of companies, including Swedish companies, do not manufacture products in order for them to function worse or break down or stop functioning prematurely, however, a possible or suitable life span is often assessed in connection with the product being manufactured. This is due to consideration of future technology development, which in many cases leads to a lower environmental impact during the use phase. The choice of material, area of use and how consumers use the products have a major impact on the product's service life. It is a competitive advantage for companies to manufacture products with a long life span. |
| f. Materials used in products are more and more complex and difficult to recycle | **F Agree.** Product development for certain products is about manufacturing and using new light materials to reduce the weight of products and thereby contribute to reduced climate impact. These materials can be more complex and more difficult to recycle, but not all lighter materials become more complex. Some lightweight materials can be recycled with current technology, but there is a need to develop new recycling techniques to be able to recycle more and more lightweight materials. At the same time, the manufacturing industry needs to improve recyclability and use standardized recyclable materials whenever possible. The most important thing is to take a holistic perspective on the environmental impact from a product's entire life cycle, based on this making the necessary design choices to cause the least negative impact. |
| g. Products do not sufficiently cover the costs of the harm that their production and use cause to the environment | **G Agree**. External effects (environmental effects) are currently not adequately addressed in certain product prices, especially for products manufactured outside the EU with which European industry competes. This leads to distorted competition. The costs for products in general need to cover the environmental costs to a greater extent throughout the product's lifetime, provided that it can be managed within consumers' financial framework and willingness to pay. |
| h. More sustainable products are often too expensive for households with lower incomes | **H Disagree**. Sustainable products do not have to be more expensive and all products that are cheap are not unsustainable or of poor quality. IKEA is a good example of how sustainable products can have reasonable prices. Over time, it does not have to be more |

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| | expensive overall with the purchase of a more expensive product if the alternative is the purchase of cheap products, which may have a shorter lifespan. The choice of product depends on many different aspects, apart from price also values. |
| i. The cost of repairing a product is too high, in comparison with buying a brand new product | **I Agree**. The cost of repairing products, after the respective legal warranty and commercial warranty period has passed, can often be too high in relation to buying a new product, but the conditions are different for low-quality products and high-quality products, where an example can be cars. That is, the cost of repairing low-quality products is often too high in relation to the price of a new product. Repairs of products can have many benefits, but there also need to be a balance with how cost-effective a repair is. An accurate way to reduce the costs of repairs is to implement a tax reduction for labor costs, similar to the system we have in place in Sweden (RUT) but which currently does not cover enough types of repairs. |
| j. For electronics, as well as for fashion products, there are not enough places where products can be repaired | **J Agree.** It needs to be easier to repair and one way to make it easier is to increase the availability of places where repairs can take place |
| k. The quality of second hand goods cannot be guaranteed or is difficult to assess | **K Agree.** It is difficult to guarantee the quality of used products because the previous use is unknown, ie how it has been handled, and information about material- and chemical content may not be avaliable. The original manufacturer can provide quality guarantees for their products that they have designed and manufactured themselves, but it can be more difficult to provide this for used products. Consumer law, on the other hand, applies to used products, ie the seller has a responsibility for the products they sell. There are companies that, for example, repair and upgrade products and provide a warranty period. Information about quality and quality controls for used products is generally something that needs to be developed. In the case of second-hand goods, Article 10 (6) of the Goods Directive mentions that Member States may provide that the seller and the consumer can agree on contractual terms or agreements with a shorter liability period or limitation period than those provided for in Articles 10 (1), 10 (2) and 10 (5) provided that the shorter period it not less than one year. This opportunity for voluntary settlements could advantageously be introduced into the law, in order to contribute to flexibility and even more stimulate the sale of second-hand goods and sustainable consumption. |

## 1B Policy related statements

To what extent do you agree that the following **policy-related** statements explain why products sold in the EU are not more sustainable?

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| a. There is no harmonized set of requirements to foster the sustainable design of products placed on the EU market | **A Agree-** For some products there are already regulations, for some it may not be necessary. But at an overall level, regulations are needed for product design, which is the cornerstone of the entire CEAP and SPI. On the other hand, it is important that product regulation sets targets and frameworks and that it is left to the business community to develop the technical solutions to achieve this. A too detailed product design regulation may hinder technology development and innovation. |
| b. There is no harmonized set of requirements to foster the sustainability of services provided in the EU | **B Disagree** - The service sector of the manufacturing industry, as part of the circular economy, is already in itself a development in line with the overall goals of the Green Deal. Given the heterogeneous nature of the services in the circular (and linear) model; Design, production, transport, service, disassembly, design, recycling, production, it is difficult to have one type of regulation. The work of designing and developing circular products also contributes to the development of services in that direction. |
| c. Voluntary approaches, such as labelling, do not provide sufficient incentives for businesses to offer more sustainable products | **C Disagree** – Voluntary initiatives such as labeling are an important part of the development towards sustainable products, as companies can thereby highlight sustainable products. It is important for the market to be able to show the difference between different materials and products' environmental performance. Labeling does not necessary lead to that the entire product range becomes more sustainable, but the use of labels also affects the products, that are not labeled, to be more sustainable in the comparison. Credible labels also make it easy for consumers to make sustainable choices |
| d. Diverging national rules and lack of a harmonized set of EU rules discourage large businesses, which operate across various EU Member States, from offering more sustainable products | **D- Disagree**. Lack of harmonization of rules within the EU makes it more difficult for companies, but not likely to prevent *large* businesses from developing more sustainable products. There is a strong drive to develop these and a high demand. On the other hand, it costs a lot to verify products against many different national systems, which leads to administrative burdens, and it can be difficult for especially SMEs to handle. From our view large businesses, that want to sell sustainable products, often adapt to the toughest rules and settle there, want to be best in class. |

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| e. There are insufficient incentives to reward products based on their different sustainability performances | **E - Agree**– Incentives may be needed to promote sustainable products, but there is also a risk that incentives may lead wrong. These therefore need to be carefully prepared and analyzed before they are introduced. The market is already switching to more sustainable products, a lot is already happening or is underway. |

## IC Other relevant market or policy-related challenges to making products more sustainable in the EU

Other relevant market or policy-related challenges to making products more sustainable in the EU (please specify) and/or other comments you may have:

Today's legislation about chemicals and product safety are not adapted to circular products, this can for example be exemplified with second hand products in relation to the machine directive. Several legislations need to be adjusted to promote circular products.

For European companies there is a competitive challenge with products produced outside EU – where other rules apply. This may hamper the development of sustainable products in EU as large investments are needed and the differences in product prices are small. It is important that European companies can produce sustainable products with profitable business models to enable this transition. The new product regulations within SPI need to be applied also at imported products and products sold at platforms and an increased market surveillance is important to verify compliance.

## 2.Measures to make sustainable products the norm

In a circular economy, products must be designed to enable a longer usage and be recyclable. The prerequisites for products vary, why different measures and a product by product approach is needed. The Swedish business community holds that the most efficient way of making products more circular, is to let policymakers set the targets and the framework and leave to the industry to develop and realise the solutions. It is instrumental that any new requirements are verifiable, and that the industry has the mandate to specify the method of verification in standards. Swedish Enterprise especially want to emphasize the importance of a regulation that fosters technical neutrality as this is a prerequisite for innovation and technical development, which is crucial to enable the European union to fulfill its obligations under the Paris Agreement. Conversely, too detailed product regulation risks having a hampering effect. In developing product policy, it is important not to lose sight, of the holistic forward looking perspective and to create policy that enables technical development and innovation, including transformations that can´t be foreseen today.

Furthermore, it is necessary to align regulation within the SPI with rules on different intellectual property rights, such as design protection and copyright protection. The regulations within SPI will be applied on the basis of how the product is defined and thus categorized Products are rapidly developed in many sectors, why Swedish Enterprise wants to highlight that the definition of a product may change over time, When defining a product, it is therefore important to consider the any potential product developments ahead.

In conjunction with the new regulations within SPI it is very important to consider the possibility of verifying set requirements.

### 2A – Design for sustainability – sustainability requirements for products

In your view, how effective would the following measures be in achieving these objectives? Please rate the choices below from 1 to 5, with 1 denoting low preference and 5 high preference

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| a. Set binding rules detailing, at product group level, what actions producers are obliged to take to improve their products' durability, reusability, upgradability and reparability (for example, for electronic/ICT products, setting a minimum number of cycles during which the battery must function properly) | **A – 1** – This is not a good suggestion. Policymakers must set the effect/target to be reached in regulation and leave to the manufacturers to develop the solutions for how this is to be achieved. Setting binding detailed rules that specify how manufacturers should improve product performance and design is not the way to go. This deviates from the "new method" and risks seriously hampering technological development and innovation. |
| b. Require producers/importers to prove that the design of their products respects the following prioritization: (first preference) that the product is capable of being reused | **B –3** – This is a better suggestion than A but needs to be further analysed and will not be applicable for all kinds of products. The question is also how companies are supposed to verify this? Definitions and methods need to be developed and managed in harmonized |

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| /repaired/shared; (second preference) that the product is capable of being remanufactured/refurbished/upgraded; (third preference) that the product is capable of being recycled | standards. It is also important to consider that long-lived / short-lived products have different conditions. Another issue to consider is how this information should be communicated to consumers. |
| c. Require producers/importers to prove that they have assessed possible causes of failures and addressed them, with a view to optimising product durability | **C – 4** – Producers are already doing this today because they do not want to sell bad products. The proposal provides more flexibility in comparison with detailed regulation and therefore has a greater opportunity to promote innovation. The question is how optimization of durability can be verified depending on the product's area of use? Test criteria and methods for verification need to be developed and specified in standards and handled at process level. Criteria for normal wear and tear may also need to be defined. |
| d. Require producers/importers to prioritise modular design of their products, so as to facilitate repair, remanufacture, upgrade and disassembly (for example, for ICT products, batteries, screens and back covers should be removable in less than a defined number of steps). | **D – 1** – It is problematic to regulate increased modular design. Modular design can work for certain product types but can sometimes, for certain product groups, stand in contrast to durability and safety. It is more important that products are designed to enable (repair, remanufacturing etc.), modular design is not always appropriate. The technical solutions for achieving the set effect/targets must be developed and managed by the business community. It should not be regulated in detail. Design protection already provides protection for modules, which is an incentive to use modular design where applicable. |
| e. Require producers/importers to ensure information on repairability is provided on or with a product | **E – 3** – Decisions to introduce this type of requirement need to be made product-specifically. The information should primarily be included in the product's product passport. Indicating the possibilities for repair on the product is not possible on all products due to size or design, where the information instead can be provided digitally or together with a guarantee certificate, instructions of use or receipt. It can be risky, at least for certain types of products, to include information on the product on how the product can be repaired if it results in that consumers repair the product themselves. For safety reasons, certain types of products should only be repaired professionally and at official repair centers. It must be clear that this is a prerequisite for certain products for safety reasons. |
| f. Require producers/importers to ensure information on access to repair services is provided on or with a product | **F – 3** – Decisions to introduce this type of requirement need to be made product-specifically. This type of information is not static and needs to be updated. For certain products, such as high-quality and industrial production equipment, it may be appropriate to indicate where repairs can be carried out while it is impossible for certain types of products. |

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| g. Require producers/importers to offer product guarantees, which could include "commitment to free repair as first remedy" in case of failures and a "commitment to upgrade the product periodically” | **G – 2** – At present, the commercial warranty is voluntary and it is a major change to make product guarantees a requirement for all products. An assessment needs to be made of where, for which products, it is relevant to introduce this requirement. However, it is important that companies that provide commercial warranty still will be able to decide on the content (terms & conditions). Should companies be forced to provide product guarantees for all product types (may not be possible), it is important that it is adapted to different product categories. It is a market advantage for the companies that provide guarantees today, as consumers are positive about choosing products that have a long commercial warranty period from a security point of view.<br><br>The proposal to introduce requirements for commitment to upgrade raises many questions. What does it mean in concrete terms? For how long will the commitment be valid? A commitment of this kind may be reasonable for certain types of products, such as long-lasting high-quality products and where technological development is rapid, but for many products this is not possible to introduce. |
| h. Require producers/importers to display a repairability score on their products, in line with harmonized requirements at EU level, to facilitate comparison of product repairability | **H – 4** – This information may be appropriate to display on products where this is relevant. The conditions are very different for different product groups. A harmonized system needs to be developed within the EU that enables this grading in a fair and transparent way. It is also important to ensure that this measure really leads to the set targets if introduced, i.e. towards extended product life / increased resource efficiency and not just become a sales argument. |
| i. Require producers/importers to establish a repair network for their products | **I – 3**– Establishing repair networks for their products is something that may be possible for large companies, but it is probably not possible for SMEs. Requirements for this are also not relevant or possible for all types of products and need to be handled on a product by product approach. It is more relevant to set up specific repair networks for certain types of products, such as high-value products. |
| j. Require producers/importers to ensure information on a product’s average expected lifespan is provided on or with a product | **J – 1** – This information is not possible to verify and therefore not to report. Requiring reporting of this information for all products is not appropriate, possibly for certain product types where the handling is less important and verification of an estimated lifespan is possible. |

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| k. Require producers/importers to ensure information on the chemical content of a product is provided on or with a product | **K – 3** – Some information about chemical content is relevant to display but then in the product passport and not on the physical product. Chemical content is a broad concept and only what is relevant to report, ie is of interest in the value chain, should be required to be reported. Again, the purpose of this information needs to be defined and determine what is to be reported per product type. |
| l. Ban the use of a substance or substances in a given product, should such substances be found to inhibit product recyclability | **L – 2** – There may be reasons to ban a specific substance, in some cases, when it inhibits product recyclability. This is an issue that needs to be handled differently for different product groups. However, it is important to keep in mind that there is a fast development in recycling techniques, this is not static, and there may be opportunities for recycling, despite the presence of certain substances, in the near future. A ban can also prevent products already on the market from being remanufactured and upgraded, if it means that the product is put back on the market and must be assessed on the basis of these rules. In the design of new products, it may be possible to handle this issue in a different way, but for some products it may be difficult to find alternatives if the substance has a specific function. A combination of substitution, if possible, in the design phase, and the development of new recycling techniques and risk analyzes need to be considered in the handling of this issue. |
| m. Require producers/importers to publish information on how they have prioritised materials that are safe and sustainable-by-design, and have substituted chemicals of concern with safer ones whenever possible | **M – 1** – This proposal involves a large administration and it is unclear who the information is for and it is then not possible to evaluate the usefulness of this information. It is important that the focus is on facts and information that is requested by other actors in the value chain. All reporting requires time and resources and the benefit must be clear. |
| n. Require additional information to be made available on material sources, e.g. content in the product of critical raw materials and minerals from conflict-affected and high-risk areas | **N – 3** - Some information on material content may be reasonable but must in that case cover all stages of a supply chain. Information at company level about work with “responsible sourcing” is more relevant and can be an effective way to drive a desired change, but it is often impossible to report this information per individual product. Information on materials from conflict-affected and high-risk areas is covered by the Commission's forthcoming due diligence proposals and should be addressed there.<br>Information on the content of critical raw materials is often valuable information for the recycling industry and is thus relevant to report based on the recycling companies' specific needs. A step-by-step approach in the value chain is needed. |

## 2B – Responsibility for information, including Digital Product Passport

A product passport has the potential to facilitate communication across value chains and enable the consumer to make more informed choices. The business community supports the idea of introducing a product passport for products produced within, and imported to, the Union. However, in the process of deciding what specific information to include, a clear use, environmental, and safety benefit must be identified. It is positive that The European Commission recognizes that double regulation and double reporting should be avoided, this is something that the business sector strongly support. In order to avoid a too heavy administrative burden for companies to handle, especially SMEs, the information to include in the product passport need to be on a "Need to know-basis" rather than a "Nice to know-basis". The Swedish Business Community wants to contribute to the process of developing a product passport that includes a suitable level of information. There are already ongoing initiatives where the business community is engaged from which valuable experience could be drawn.

What information that is relevant to include in a product passport must be defined on product level for example when it comes to chemical content and constituent materials. Information relevant for dis-assembly, maintenance and repair, and on how the product can be recycled, is central for enabling circular products. However, company confidential information such as detailed technical specifications, drawings and test results cannot be shared in a product passport if we want to guarantee that companies' intellectual property rights are protected. This type of information should rather be accessed by direct contact with the original manufacturer. Swedish Enterprise also find that information concerning a product's expected lifespan may be complicated to enter, and risks causing false expectations since also the handling of the product affects the lifespan.

Swedish Enterprise supports the proposal of a new Data Governance Act that aims at facilitating more voluntary data sharing with the development of trustworthy data sharing systems. Businesses need access to searchable and compatible data that can be reused. In addition to access to data, an understanding of how data may be used is also essential. Most data usually have one or several legal regimes (data protection, intellectual property rights and competition) that apply to it. This means that businesses cannot share or permit access as freely as they may wish. Sometimes, businesses are technically hindered from sharing or reusing data or the costs of making data interoperable and portable constitutes a barrier that is too high to overcome. Supporting the creation of data sets with interoperability and data portability in mind, is thus important in order to avoid unintended lock-in effects or intended lock-in practices. There is also a need for additional tools and guidelines that encourage more efficient data use from both a legal and technical perspective. Any mandatory data-sharing rules must take the above into consideration.

**2.B.1** In your opinion, what **information** should be collected as part of such a digital 'product passport'?

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| a. Economic actors at the origin of information (Manufacturer /Service provider/Retailer /Distributor/Recycler/ Providers of Repairability services) | **A – Agree** – It is important that it is transparent which actor / players have provided the information in and put together the product passport. . |
| b. List of materials and substances present in the product | **B, C – Neutral** – Some information about materials and substances needs to be included in the product passport. However, it is unclear what is meant by "substance" in the question. It is not feasible to list all the substances or materials in a product, it is too broad an approach. The purpose of the information needs to be defined and determine what is to be reported. Only what is relevant should be listed and what this is needs to be specified for each product. This type of information can constitute company confidential information, such as materials or substances used to increase durability, which must be taken into account. |
| c. Quantities of materials and substances present in the product | See response on b. |
| d. Recycled content of each material present in the product | **D – Disagree**– It is impossible to report the proportion of recycled material for all constituent materials for all products. If this type of information is to be specified, a selection must be made for relevant materials for a specific product. The use of recycled materials in products is in many cases better promoted through other measures and market solutions. Reporting this does not automatically drive development forward and can for some materials have the opposite effect, such as steel. This is nice to have information, not need to have. |
| e. Presence in the product of hazardous chemicals, and if so, their location | **E – Disagree** – What is meant by hazardous chemicals is not defined, is it SVHC according to REACH / CLP that is meant? Clear definitions are needed to be able to answer this question. Some substances are relevant to report but it is, especially for complex products, hard to state in which component these are present. Again, the purpose of this information needs to be defined and govern what is to be reported per product type. This proposal leads to an expanded SCIP database, which the business community strongly questions the environmental benefits of. This type of information can be company confidential information, which needs to be considered. |

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| f. List of legislation and standards that the product complies with, or the technical specifications that it fulfils | **F – Neutral**– All products placed on the market need to comply with legislation and this information may therefore seem irrelevant. But it can be positive for companies to have the opportunity in the product passport to refer to the legislation and thereby make this visible. In order for this to be manageable in practice, clear delimitations are needed of which legislation and which standards to report, ie relevant legislation on products, circular flows, recycling and standards to verify that the legislation is complied with. Relevant legislation differs between different sectors. It is unclear what is meant by Technical specifications, it is too broad and to include this we are hesitant to with regard to company confidential information. |
| g. Results of compliance tests against legislations, standards or technical specifications | **G – Disagree** – It must be sufficient for companies to report on the legislation they comply with and, where applicable, also state the relevant standards they meet. This information is Nice to have, not need to have. |
| h. Expected lifespan of the product | **H – Strongly disagree** - The lifespan of a product depends not only on the quality of the product but also on the handling, ie how it is used and how often. Information on expected lifespan can only be an indication, as the lifespan will always depend on the hours of use of the product and how the product is handled when used and how it is stored. Providing this information risks giving erroneous expectations to the consumer and can lead to complicated complaint cases to handle for companies. |
| i. Information relevant for testing, dis-assembly, maintenance, repair or re-assembly (e.g. test protocol, disassembly process and instructions, etc.) | **I – Agree** – It is positive that information that enables repair and remanufacturing etc. is included in the product passport. However, there is a problematic demarcation here linked to company-sensitive/confidential information, which must be taken into account. Test protocols, for example, constitute sensitive company information, confidential information and cannot be reported. There is currently no protection for spare parts in EU design law - this protection needs to be strengthened. A market solution that is an alternative to this is the new business models where the producer retains ownership of the product. |
| .j Information on safe use and instructions, where applicable | **J – Strongly Agree** – This is important information to include in the product passport. |
| k. Information relevant to re- manufacture and spare parts (e.g. CAD technical drawings, 3D- printing files) | **K – Strongly disagree** –The examples given in parentheses are out of the question to share openly with other actors. In order to have access to this information, the original manufacturer needs to be contacted in order to bring about a market collaboration. The |

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| | examples are protected by copyright and constitute company sensitive/confidential information. If this information is to be provided in the product passport, changes to copyright are required. Additional problems with releasing this information are the risk of piracy and liability uncertainties for own 3D printing. There must be a market economy perspective, ie it costs to develop products and companies must see that it pays to develop new products. |
| l. Information on Product Environmental and/or carbon footprint, or other relevant sustainability characteristics | **L – Neutral** – The question is broadly asked, and we interpret it as meaning that all types of sustainability information can be relevant. Information about products' environmental performance is needed, but the method and need for information differ between different products. Prioritization of what information to include needs to be made on the basis of the environmental impact of different products, and here a synchronization with the initiative "Substaintiating green claims" is needed. There must be an agreed standard. |
| m. Social conditions along the value chain (e.g. working and pay conditions; respect of human rights) | **M – Neutral.** All companies must respect human rights and this must be a fundamental requirement at company level, provided that there is also supervision. It is more relevant to report this at company level than at product level. If this information is included in the product passport, the boundary conditions must be defined so that it is clear where the value chain begins and ends and methods for verification need to be developed. Companies already deal with these types of issues through UN guide principles and in the future through future horizontal due diligence regulation, and these issues are best addressed through these initiatives. |
| n. Information on the origin of product components | **N – Neutral.** This question is very broad and needs to be further specified. Having origin information at component level is not possible, especially for complex products. The information must be limited to those products and those parts of a product where there is a specific need for the information and where there is relevant legislation. |
| o. Information on material sources (e.g. conflict-free materials, responsible mining etc.) | **O – Neutral.** It may be reasonable with some information about material content, but must in that case cover all stages of a supply chain. Indicating at company level how to work with “responsible sourcing” is more relevant and can be an effective way to drive a desired change, but it is often very hard/impossible to report this information per individual product. |

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| p. Any possession of sustainability labels, such as the EU Ecolabel | **P – Strongly Agree** – It is important that companies have the opportunity to make this information visible in the product passport. Here a sync is needed with the initiative Substantiating green claims and it needs to be specified what is meant by sustainability label, ie a qualification list is needed. |
| q. Information on how the product should be recycled and /or handled at the end of life | **Q – Strongly agree** – This information is important and should be included in the product passport. This is information that in many cases does not exist today and needs to be produced. A guide is needed on what this information should contain more specifically based on product-specific needs. |

## 2C - Avoidance of destruction of unsold durable goods

**2.C.1** In your view, are there categories of products that should be excluded from this ban?

Destruction of unsold goods should be the last solution when the options of reusing och upgrading the product are dismissed. Instead of introducing a ban other ways of keeping these products in the circular economy should be identified and encouraged. It is for us unclear how a ban of unsold goods aligns with the right of property.

## 2D – Circular business models

The business community has applied circular business models since before Circular Economy was an established concept. Some examples are recycling of a variety of materials and second-hand sales etc. The majority of the business community sees new business opportunities in circular business models and the development of circular business models is now expanding to all sectors. This is done in various ways depending on each sector's specific preconditions. Depending on the type of product offered, some sectors stand before many opportunities, while others face more challenges. Implementing circular business models often involves significant transformations and new challenges for enterprises. Therefore, it is necessary to establish a framework that facilitates a progressive transition into circular business models.

Circular business models must be profitable in the long term to continue to develop and spread. To promote circular business models several measures, must be taken. For example, more research and development is needed, not only in physical material and product features, but also

when it comes to the administrative aspects of new business models, like new financial relationships, and changes in accounting. Regulations, even outside the environmental field, needs to be updated to enable circular business models. It is also essential for the success of the circular business models that the consumer chooses to buy circular products and services. It is positive that the European Commission emphasize the need to promote circular business models within the EU. However circular economy and value chains are often international why free trade and international harmonisation must also be taken into consideration.

The circular value chains build upon a number of services such as design, repair and remanufacturing. Swedish Enterprise wants to emphasize the service sector's importance in in the transition towards a circular economy. The service sector's increasing importance must be followed by instruments and regulations that enables the growth of the service market. Policy must facilitate the right to perform services across the union, on a market characterized by free competition.

**2D1 – Circular business model types**

How effective do you think these **models** can be in terms of encouraging more sustainable production and consumption patterns? (1-5, with 1 denoting low impact and 5 high impact)

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| a. Product-service systems (i.e. users do not buy the product from manufacturers/owners but rather the service associated with the product, e.g. car leasing. This means that the manufacturer/owner is responsible for repairing and maintaining the product, thus incentivizing better reparability and potentially longer lifespan of the product) | **A –4**. The business model and service provision in general have great potential. Since companies retain ownership of the product, the business model can provide incentives to manufacture products with a longer lifespan, which are easy to upgrade and repair. The business model changes revenue streams for companies, which affects companies' accounting etc. Not all products are suitable for this business model and the conditions may also look different for B2B and B2C. In several cases, the industry already applies this business model today and it already works well for certain types of products, but the business model has the potential to grow into other product categories. |
| b. Collaborative and sharing economy (i.e. where sharing of products replaces purchasing, e.g. for power tools or other products that consumers use only occasionally. As a result, less resources are used to satisfy the same needs) | **B – 3.** This business model is already applied, both C2C, B2C and B2B. The business model contributes to reduced resource use as more people use fewer products, provided that these products would otherwise be purchased by users. The business model can provide opportunities for more people to use products that they might not otherwise have been able to use through purchases. This can lead to a total increase in the use of products. There is |

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| | a need for analyzes of regulations and a clear division of responsibilities for this business model. |
| c. Reverse logistics (i.e. where the reverse transport of products, from consumer to producer, is arranged in view of repair or reuse. e.g. beer bottles or old phones) | **C – 4.** The business model provides increased opportunities for efficient remanufacturing and upgrades of products as the original producer gets access to the products they have manufactured. This creates better conditions for large-scale and profitable remanufacturing and upgrading. Changes in waste legislation are required for this business model to work effectively, ie end-of-life products should not be classified as waste. Waste-classified products result in a complicated administrative process that can hinder and also affect the profitability of this business model. |
| d. On-demand production (i.e. where the production of goods occurs only for those customers expressly requesting them, thus preventing overproduction and waste) | **D - 3.** The business model has potential in certain product groups, by allowing consumers to customize their products, which can enable even more efficient production and reduce the risk of overproduction. The business model has different conditions for different products and may be more reasonable / suitable or less reasonable / suitable for different products. Offering this business model can be a competitive advantage for companies. At least in the initial stages, the products can become very expensive, which means that they may not be available to all consumer groups. The business model is not so circular but more resource efficient, ie reduces resource consumption and waste volumes. |

**2.D.2 Challenges**

What in your view are the main **barriers** to successful deployment of more circular business models in the EU? (1-5, with 1 denoting low impact and 5 high impact)

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| a. The profitability of these business models is not viewed as sufficient, or is viewed as too high-risk. | **A – 5**. The linear business models are still much more profitable. The circular business models that have existed for some time, such as steel recycling, are already profitable, while other new business models have some way to go before profitability. Measures are needed to facilitate the business models for example adapt the current legislation to circular flows. |

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| b. The initial investment costs and financial capital required to establish such business models are too high. | **B – 5**. In many cases, large investments are needed as production may need to be restructured, and new elements / services linked to the product may need to be introduced. This requires investment and capital and it can be difficult to get this in place as the financial uncertainty is greater when changing business model. |
| c. Banks and investors are often unwilling to provide the credit and funding necessary to initially establish these business models | **C – 5**. Today, there is great uncertainty among investors about how the circular business models should be valued as a result of changed accounting through new forms of revenue, new costs and new services. If the understanding of this increases and investors can see that the circular business models have the potential to become profitable, it can significantly promote development. |
| d. There is a lack of demonstrable success stories or large- scale projects demonstrating the business case for such business models | **D – 4.** Yes, so far today there are too few successful and well-functioning circular business models that are made visible to provide increased security in the event of a change in business model. |
| e. There is a lack of tools and methods to measure (long- term) benefits of circularity for businesses, including the financial benefits | **E – 4**. Larger compilations and trends of this can take time to produce because it takes time for the business models to develop and generate data. On the other hand, it would be valuable for this to develop in parallel with the circular business models developing and increased usage. |
| f. There is insufficient proof of adequate consumer demand for these business models | **F – 4.** Consumer interest is not that extensive today and needs to increase for the circular business models to gain momentum and become profitable. Here, the business community has a great responsibility to show and provide solutions for the customer's needs that are circular so that interest and demand increase. Instruments are also needed to guide consumers towards sustainable choices and sustainable action. |
| g. Consumer awareness of and responsiveness to these business models are insufficient | **G – 4.** Awareness today is often low, but the consumer does not necessary think of using a circular business model but rather wants to find a solution to a need. There are trends, especially among the younger generation, about other ways of consumption based on values other than ownership and price. |

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| | There are several different driving forces towards a greater use of circular business models. |
| h. There is a lack of training for entrepreneurs/potential entrepreneurs in how circular business models operate | **H – 3** – To increase entrepreneurs' use of circular business models, the development of various tools is probably more successful than training. Entrepreneurs already have a drive to find new solutions and business models. Skills development in circular economy and sustainable entrepreneurship, on the other hand, is something that needs to be developed in society as a whole, at all levels of education. |
| i. There is a lack of the technical skills necessary to perform the functions required by these business models (repair; maintenance etc.) | **I – 4** – These skills probably need to be developed in society as a whole, as the scope of these services will increase with the circular business models. |
| j. These business models are more difficult for SMEs to adopt, e.g. given the initial investment costs | **J – 4** – It is probably more difficult for SME to apply circular business models especially if large investments are needed. But there are many examples of SMEs already applying circular business models, for example through leasing, second-hand business, etc. |
| k. A clear regulatory framework to support such business models is missing | **K – 5** – Yes, it is lacking today, and more focus is needed on, above all, adapting existing legislation (also outside the environmental area) to the circular business models and analyzing whether new instruments are needed. |

## 2E – Incentives for circularity

In your view, how important are the following measures? (1-5, with 1 denoting low impact and 5 high impact)

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| a. Modulation of fees on the sustainability of products under Extended Producer Responsibility schemes (e.g. producers who place products that are more easily recyclable on the EU market pay reduced fees). | **A – 5** – We consider this measure to be positive for the development of circular business models, but the focus must be on promoting reuse rather than recycling as a last resort. However, it is unclear what "easily recyclable" means; is it about product composition and material selection or the |

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| | provision of services and infrastructure? A methodology is needed for how "sustainability of products" should be defined and evaluated. |
| b. Recognizing voluntary commitments by producers to increase the sustainability of their products. | **B – 5** – We consider this measure to be positive for the development of circular business models. |
| c. Making better use of standardisation to promote sustainability. | **C – 4** – We consider this measure to be positive for the development of circular business models. Standards are a necessary tool to ensure uniform definitions and to verify product requirements. International standards also promote the development of international trade in circular products. |
| d. Increasing transparency on the performance of products as regards sustainability, for instance by identifying different levels of sustainability performance at EU level. | **D – 3** – Increased transparency is good, but the question is how this should be measured and verified and how the levels of sustainability performance should be defined in a appropriate way. |
| e. Better use and promotion of voluntary sustainability labels, such as the EU Ecolabel. | **E – 4** – We consider this measure to be positive for the development of circular business models. We welcome greater harmonization of this at EU level. Here a sync is needed with the initiative Substantiating green claims and it needs to be specified what is meant by sustainability label, ie a qualification list is needed. |
| f. Improving access to finance for the production and consumption of more sustainable products. | **F – 4** – We consider this measure to be positive for the development of circular business models. The measure presupposes well-designed foundations for financing. |
| g. Developing and implementing mandatory Green Public Procurement criteria and targets. | **G – 3**– GPP can be an effective tool for promoting circular products and business models, but setting mandatory criteria is a big step compared to the current situation. The criteria should be optional, initially in parallel with guidelines from KOM. The criteria must be relevant and developed in dialogue with the sector concerned. |

## 3. Compliance with and enforcement of sustainability requirements for products

It is positive that the European Commission looks at ways to improve compliance of policy, harmonisation between member states, and an increased market surveillance. Swedish Enterprise also wants to stress that new rules within the SPI must be applied on imported products and products sold at platforms. A well-functioning market surveillance is essential for the European companies to stay competitive and to ensure a level-playing field, both within the EU and in relation to imported goods. More focus and efforts must be directed to market surveillance, this becomes increasingly important now when product regulation will increase within the Union.

*Market surveillance is the responsibility of the Member States and was the object of the recently revised Regulation (EU) 2019/1020 of 20 June 2019 on market surveillance and compliance of products. How do you think the European Commission could contribute further to this dimension?*

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| a. Set verification targets for the products deemed most likely to be non-compliant (e.g. electronic gadgets). | **A –4**. It is reasonable that targets are set for this, but the process for how the selection of these products is made is central. |
| b. Support Member States in the distribution of surveillance tasks per product category (e.g. Member State A responsible for construction materials; Member State B for heating & cooling equipment etc.) | **B –3**. Support for MS provides good conditions for increased harmonization. The proposal is good provided a transparent system and if it is about guidance and support. Sufficient administrative resources need to be added to MS. Distribution of responsibility for market control presupposes a framework for how this is to be done, so that market control becomes equal, and equal prioritization of the tasks of MS. |
| c. Require third-party certification or inspection to simplify the work of Member State enforcement authorities | **C – 1** – We don´t support introduction of general requirements for third-party vertification. Prior to a possible decision on requirements for third-party verification for products within the Ecodesign Directive, an impact assessment should be performed to assess the significance of this certification in achieving set impact targets. The benefit must be well justified in relation to the cost of third-party certification, especially from an SME perspective. Priorities of product groups need to be made. Third party certification should be one of several possible verification methods. In addition, an effective third-party audit system must be developed and controlled. |
| d. Accompanying measures from the European Commission to Member States (e.g. guidance, support etc.). | **D – 5** – We consider guidance and support from the Commission to MS to be a very important measure for increased harmonization. |

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| e. Create a central reporting point/website to enable consumers to provide feedback on products that do not meet their sustainability requirements | **E – 3** – There is already a structure for this today in the product safety area. If a corresponding reporting is to be introduced for sustainability, it should build on the same model / existing structure. The introduction of this reporting, on the other hand, presupposes common definitions of sustainability, duration, repairability, etc. and that it is clarified whether the database should be open, who should have access, companies have the opportunity to comment on posts, etc. |

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