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DIGITALEUROPE's supporting paper on the public consultation on the Sustainable Products Initiative

Introduction

DIGITALEUROPE welcomes the opportunity to participate in the public consultation on the Sustainable Products Initiative.

This supporting paper aims at providing some background and forward-looking information in addition to the main consultation response we submitted. This paper also provides some more detailed considerations regarding our responses to the questionnaire, with the intent of helping the policy-making process achieve the overarching goal of a sustainable growth through pragmatic actions.

As an organisation representing over 35,000 businesses in the digital sector, DIGITALEUROPE and its members have been at the forefront of the transition of the digital industry towards more responsible and sustainable models for some years now. We have collectively been involved in the making of sustainable corporate and public policies at company, national, European, and worldwide level, especially in the ICT industry, allowing us to retrospectively consider the work done and share our experience.

We believe that consulting stakeholders is of the utmost importance for drafting consistent and efficient policies. The Sustainable Products Initiative is a timely opportunity to take stock of the learnings of previous legislations, such as the Ecodesign Directive, and propose an updated, future-proof framework for a green European transition.



1. ICT products

First, we wish to stress that many ICT products are already covered by an extensive sustainability legislative framework designed to reduce their environmental footprint, including the Ecodesign Directive, the RoHS Directive, the REACH regulation, the WEEE Directive, conflict minerals legislation, and so on.

This regulatory framework is reinforced by voluntary initiatives undertaken or joined by many producers of ICT products.

We believe any further legal requirement should balance their additional value to consumers and recyclers while at the same time maintaining and enabling manufacturers to conduct business and innovate. We kindly invite the Commission to thoroughly assess and demonstrate any additional needs that are required within the regulatory framework for products, seek consensus among stakeholders and establish or revisit the process to ensure a robust and predictable regulatory framework (and avoids the need for guidance after the publication of legislation).



2. Durability and longevity of products

Design and technological improvements should not be associated with premature obsolescence, particularly in the context of the digital technology industry. Innovation is the core driver of our sector. Digital solutions are transforming and contributing to the well-being and enhancement of our society and environment. The speed at which this occurs reflects the extremely competitive atmosphere in which we operate.

The technology sector is unfairly accused of implementing engineering solutions that result in planned or premature obsolescence of devices. The term is often used to refer to an alleged policy, business practice, or marketing strategy whereby manufacturers deliberately shorten the lifetime of a product. DIGITALEUROPE forcefully rejects such practices.

We would confirm that most EEE placed onto the EU market is already designed for durability and longevity, whether in B2B or B2C. The suggestion that a product would be “designed to break down after a certain amount of time” would be contrary to the purpose of any established, reputable manufacturer of EEE as it would quickly destroy their (and their products’) reputation.

Manufacturers also innovate to supply ever-more efficient products to consumers and businesses, at a competitive price, with a positive impact on their own environmental footprint and that of other activities, such as farming and mobility. While increased consumer demand has been an incentive to do so, manufacturers have long been implementing policies to enhance not only the

sustainability of their products but also their Corporate Social Responsibility as a whole. We believe Europe's leadership in the green transition should go hand in hand with the Union's high social standards and take such factors as responsible sourcing and labour policies into account. DIGITALEUROPE members adhere to global, European, and national initiatives to promote such values.

Manufacturers also provide many services to increase the longevity of products with a very positive impact on consumers. These include after-sales and professional repair services as well as product upgrades or reverse logistics services. However, such practices and extended guarantees are not suitable for all products and businesses.

Reliability testing is a core function of product development. While all electronics manufacturers have reliability teams that test products to ensure they meet standards and quality policy, they can only address "reasonably foreseeable" causes of failure. All possible causes would be an impossible requirement. During the research and design process responsible manufacturers minimise (eliminate if possible) any potential weak points in design/construction which have a foreseeable risk of failure. Likewise, the term "expected lifespan of a product" referred in the consultation runs counter to manufacturer design processes, which focus on assuring reliability, not on planning a limited lifespan.



3. Digital Product Passport, consumer empowerment, and information disclosure

We support transparency as a means to empower consumers, end users, and recyclers, and reward investment to develop more sustainable products. Turning the sustainability of products into a competitive advantage is paramount to promote such investments. Consequently, we call for a balance between transparency and the preservation of business intellectual property as well as the interests of consumers who should not be overwhelmed by too much information.

We believe the Digital Product Passport (DPP) to be a strong instrument to empower customers and help them make informed purchasing decisions. However, to be efficient, the DPP should focus on providing information that is relevant for the target group. Some information should explicitly not be shared with audiences that are ill-equipped to act upon it. For instance, safety and liability aspects of providing disassembly end-of-life or repair instructions are best addressed by providing access in a targeted manner only to professionals. This will in turn help protect the business interest of manufacturers, including IP rights.

DIGITALEUROPE agrees with the need to have transparent information in the passport about the origin of relevant information for selected economic operators.

Altogether, DIGITALEUROPE advocates for an implementation of the DPP that would build on existing tools (such as the EPREL database, environmental

labels, and so on) and aim at minimising the administrative burden on companies to avoid increasing the cost of sustainable products. This could be achieved by adopting a step-by-step and flexible approach, starting with information already available and regulated, where the DPP could be used as a link to decentralised information databases.

DIGITALEUROPE calls for a nuanced approach when determining which information is made available for which target group based on a careful assessment of rules to define truly value-adding information requirements with regards to:

- ▶▶ How can the information enhance the sustainability of products?
- ▶▶ What information can be horizontally implemented?
- ▶▶ What information belongs to a specific product category?
- ▶▶ Who needs which information?
- ▶▶ What is the level of detail necessary to achieve its goals?
- ▶▶ Are the efforts proportionate and not overly burdensome, under the given implementation timeframe?



4. Repair and product-as-a-service

The ICT sector is considered a priority sector for repairability. DIGITALEUROPE members already treat repair, refurbishment, and remanufacturing activities as part of their everyday business practice. To do so, they assess the best way to provide the highest standard of services to consumers against the various possible channels.

Many manufacturers, especially but not only in the B2B environment, have their own after-sales network already in place, including reverse logistics and take-back schemes. Through these activities our members are helping to reduce environmental footprint, create jobs, and deliver real benefits to the consumers. These services are also an integral part of ensuring customer satisfaction and trust in brands.

DIGITALEUROPE members and their repair networks perform millions of repairs annually. Their repair and remanufacturing facilities are situated across multiple EU Member States and form part of the circular economy backbone of the ICT industry in Europe. European policymakers should bear the existing infrastructure in mind when debating future policy interventions.

Given safety concerns as well as the highly technical and precise nature of repair, DIGITALEUROPE believes in the availability of repair options that ensure consumers have access to high quality, safe and secure repairs. The established

manufacturer-associated repair networks provide consumers with convenient access to such repair options.

Furthermore, these networks are the source of jobs and high-quality service in a circular economy. They are optimised for efficiency, and thus minimise environmental impacts beyond what would be possible via consumer-led repair models. Manufacturer-associated repair networks may include reverse logistics and take-back schemes. They also maintain product production and repair data, accurately predict demand for spare parts, and minimise overstocking – which reduces resource and material consumption. Legislation should not dismiss this approach and factor in these benefits, the high-skilled jobs, and inherent consumer protection.

For many products, manufacturers have supported a balance between a design for consumer-replaceable, or recycler-removable (replaceability by professional, trained and/or accredited repair operators) components. DIGITALEUROPE believes that consumers have a rightful expectation of a repair remedy of quality, safety, and security. However, this does not mean that safe and successful repairs will be carried out automatically through regulation by the consumers themselves, nor that they should in all cases have the right or ability to do so themselves. This is especially applicable for high-complexity devices. Consumer-led repairs could impact the integrity of the repaired device while substandard repairs will shorten the life of products and run against the goals of the circular economy.

If designing 'Right to Repair' legislation, consideration should be given to ensure quality and consumer safety, security, and privacy, whilst bearing in mind that the original manufacturer of the product is best placed to assess whether these criteria are met. As such, the manufacturer should retain control of the choice and approval of repairers. Repairs that jeopardise the quality or safety of a product not only endanger persons and property but may have legal liability and brand implications for manufacturers.

Prospective right to repair legislation should also consider cybersecurity concerns as much as physical safety. In the highly connected and digitalised world of IT today, unauthorised access increases the risk of creating a gateway into the electronic network of the device owner, increasing vulnerability against hackers and loss of sensitive personal, financial, or professional information. Those direct and indirect losses could completely overshadow the intended environmental benefits of easing security features for the sake of repair for all.

For the very same reasons, we believe manufacturers should retain control and ownership of circular business models, which the product-as-a-service is a good example. Manufacturers already provide a cradle to grave service through leasing or service systems with high level of flexibility operated by themselves or their authorised partners. Others choose trade-in and refurbishment models or other instruments to increase the circularity of their offering.

While the details of the sustainability of product-as-a-service should be further assessed at a product category level, the control by the manufacturer of product-as-a-service will increase efficiencies and reduce costs. It will advance the sustainability profile through the manufacturer's expertise and quality standards, balancing the energy use with the reuse, refurbishment, and remanufacturing of parts and products, while considering the individual consumer or end-use case. Material waste or e-waste will be reduced and managed responsibly and securely when ownership is maintained by the manufacturer.



5. Circularity

We are of the opinion that the European legislative initiatives should provide the framework to ensure harmonisation and a level playing field during the green and digital transitions. We believe this can be best achieved by making the most of the EU's ability to provide incentives and more sustainable products to consumers within the Single Market while limiting the burden on companies and ensuring fair competition.

The ICT sector has already proven the effectiveness of commonly agreed voluntary measures and regulation imposing a goal but providing companies the freedom to choose the path to encourage sustainable products development while maintaining a fair and innovative competitive landscape. Accompanying initiatives such as implementation measures (e.g., the Ecodesign Directive) and guidelines also help increase consistency across the market while labelling provide customers with greater transparency and comparability.

Hence, we support initiatives that avoid fragmentation of the single market such as EU-wide voluntary commitments and information requirements, taking product specificities into account. Such information and commitments should be based on standards to ensure fairness, consistency, transparency, and comparability.

We believe that sustainable supply and demand should be fostered through:

- ▶▶ The increase in high quality recycled content supply at reasonable cost;
- ▶▶ The empowerment of consumers through increasing environmental literacy and using targeted information disclosure.

As regards circular business models, we support incentives that would make them more attractive for entrepreneurs and companies, including funding instruments and tools such as standardised measurement methods to convince investors of the financial as well as the environmental benefits. Business decisions regarding the choice to develop such models and which should however only rest on companies, based on their own market assessment.



6. Policies, enforcement, and standards

Preserving the ability for the sector to self-regulate under the framework of the Ecodesign Directive is essential to continue to allow for the development of flexible and cost-effective measures, particularly when dealing with technology that evolves more quickly than regulation.

Additional measures, such as voluntary labels based on generally recognised standards or market incentives such as green public procurement criteria, may be considered only if they maintain the integrity of the Single Market, do not hamper fair competition. Furthermore, preserving the ability for the sector to self-regulate under the framework of the Ecodesign Directive is essential to continue to allow for the development of flexible and cost-effective measures in particular when dealing with technology that evolves more quickly than regulation.

Furthermore, before mandating via a regulatory tool on the use of specific Green Product Procurement (GPP) requirements, we invite first a more careful consideration and revision of the consultation procedures applied to each of the GPP categories, as we believe that some recent GPP product specific guidelines were not properly consulted with relevant stakeholders before approval.

Conformity should be self-assessed to reduce the administrative and financial costs for all, while allowing voluntary third-party certification, if deemed relevant by the companies. Market Surveillance Authorities (MSAs) must oversee controls, with the European Commission providing support to MSAs and Member States to ensure consistency.

When it comes to enforcement, we strongly believe any risk of fragmentation of the Single Market should be avoided, the burden on companies be relieved and fair competition protected. Therefore, we call for enforcement to be consistent across all Member States and products to be covered equally to avoid discrepancies and margins for interpretation, with product specificities taken into account. Based on our experience from the Ecodesign Directive, we have witnessed the need to provide guidelines to MSAs to facilitate the understanding of multiple policies covering very complex value chains. Likewise, national legislations should aim at strengthening the Single Market to put the EU as a whole at the forefront of the green transition.

Customer safety is paramount to our businesses and, as such, it cannot be jeopardised. Consequently, we strongly support the destruction of counterfeit goods as well as those posing a safety or health risk.

Regarding additional measures to fight against other types of unsold goods, the EU policies should be consistent and avoid any “one size fits all” solution.

Annex: detailed responses to the consultation

1. Challenges to making products sustainable

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

	DIGITALEUROPE's answer	Comments
a. Economic actors do not have adequate and reliable information on the sustainability of products	Disagree	
b. Products such as electronics become obsolete quickly because of technological innovations	Strongly Disagree	
c. Some products are designed for shorter term use due to changing fashion trends	Strongly Disagree	<p>Design and technological improvements should not be associated with premature obsolescence, particularly in the context of the digital technology industry. Innovation is the core driver of our sector. Digital solutions are transforming and contributing to the well-being and enhancement of our society and environment. The speed at which this occurs reflects the extremely competitive atmosphere in which we operate. The technology sector is unfairly accused of implementing engineering solutions that result in planned or premature obsolescence of devices. The term is often used to refer to an alleged policy, business practice or marketing strategy whereby manufacturers deliberately shorten the lifetime of a product. DIGITALEUROPE forcefully rejects such practices. We would confirm that most EEE placed onto the EU market is already designed for durability and longevity,</p>

		whether in B2B or B2C. The suggestion that a product would be “designed to break down after a certain amount of time” would be contrary to the purpose of any established, reputable manufacturer of EEE as it would quickly destroy their (and their products’) reputation. DIGITALEUROPE forcefully rejects such practices.
d. Many products are not designed to be easily repaired or upgraded	Disagree	
e. Some products are designed to break down after a certain amount of time (planned obsolescence)	Strongly Disagree	
f. Materials used in products are more and more complex and difficult to recycle	Strongly Disagree	
g. Products do not sufficiently cover the costs of the harm that their production and use cause to the environment	No opinion	
h. More sustainable products are often too expensive for households with lower incomes	Agree	
i. The cost of repairing a product is too high, in comparison with buying a brand new product	Neutral	
j. For electronics, as well as for fashion products, there are not enough places where products can be repaired	Disagree	
k. The quality of second hand goods cannot be guaranteed or is difficult to assess	Disagree	

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

	DIGITALEUROPE's answer	Comments
a. There is no harmonised set of requirements to foster the sustainable design of products placed on the EU market	Disagree	
b. There is no harmonised set of requirements to foster the sustainability of services provided in the EU	Disagree	
c. Voluntary approaches, such as labelling, do not provide sufficient incentives for businesses to offer more sustainable products	Strongly Disagree	
d. Diverging national rules and lack of a harmonised set of EU rules discourage large businesses, which operate across various EU Member States, from offering more sustainable products	Neutral	The EU framework, including the Ecodesign Directive, provides a harmonised set of rules for the ICT sector. Businesses have taken up on this opportunity to provide ever more innovative and sustainable products, as they recognised their role in the green transition. In addition, consumer demand also provides an incentive for businesses to provide sustainable products. However, diverging national rules can impede this dynamic and question the business case for sustainability for large companies.
e. There are insufficient incentives to reward products based on their different sustainability performances	Neutral	

2. Measures to make sustainable products the norm

2.A 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.

	DIGITALEUROPE's answer	Comments
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)	2	In view of the breadth of products which fall into the category EEE it is difficult to envisage what such obligations would look like.
b. Require producers/importers to prove that the design of their products respects the following prioritisation: (first preference) that the product is capable of being reused /repaired/shared; (second preference) that the product is capable of being remanufactured/refurbished/upgraded; (third preference) that the product is capable of being recycled	2	The "one size fits all" approach suggested by the preference order in the question does not reflect the variety of situations and product/market specificities. As a consequence, there is a low preference for this option.
c. Require producers/importers to prove that they have assessed possible causes of failures and addressed them, with a view to optimising product durability	No opinion	Manufacturers can only address "reasonably foreseeable" causes of failure. All possible causes would be an impossible requirement. During the research and design process responsible manufacturers minimise (eliminate if possible) any potential weak points in design/construction which have a foreseeable risk of failure. However, optimising durability of a product entails many other factors than just causes of failure, making it impossible to provide a definite answer to this question.
d. Require producers/importers to prioritise modular design of their products, so as to facilitate repair,	4	DIGITALEUROPE appreciates modular designs when

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).		appropriate but would like to clarify that modular designs are not synonymous to repairable designs. Non-modular designs can be perfectly repairable, and are in fact industry standard. In addition, there will always be specific products which cannot conform for a variety of valid reasons; size/weight constraints, high protection (IP) standards etc...
e. Require producers/importers to ensure information on repairability is provided on or with a product	5	
f. Require producers/importers to ensure information on access to repair services is provided on or with a product	5	
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"	1	Many EEE products are routinely upgraded by manufacturers (software/firmware, add-on options etc.) However, "commitment to free repair as first remedy" without any time constraint or stipulation as to environment or "used as intended" is clearly unreasonable. Would this, for example, apply to lightbulbs.
h. Require producers/importers to display a repairability score on their products, in line with harmonised requirements at EU level, to facilitate comparison of product repairability	3	
i. Require producers/importers to establish a repair network for their products	5	
j. Require producers/importers to ensure information on a product's average expected lifespan is provided on or with a product	3	A lifespan can only be provided as an average lifetime but not for each specific device. This could have implications as regards warranties
k. Require producers/importers to ensure information on the chemical content of a product is provided on or with a product	1	To list the entire chemical content of every item of EEE would be an extremely

		<p>onerous requirement and would be of little, if any, value to consumers.</p> <p>Manufacturers already comply with the requirements of Article 33 of REACH with regard to SVHCs and also submit data onto the ECHA SCIP Database.</p>
l. Ban the use of a substance or substances in a given product, should such substances be found to inhibit product recyclability	1	<p>The implication of the question is a retrospective ban on substances which a manufacturer may well have included for reasons of durability, longevity, improved performance.</p> <p>Manufacturers actively want to comply with substance restrictions and keep up-to-date with current knowledge, but cannot see in to the future in order to avoid designing-in substances which will, at a future date, be found to inhibit recyclability.</p>
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	2	
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	5	

2.B Responsibility for information, including Digital Product Passport

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

	DIGITALEUROPE's answer	Comments
a. Economic actors at the origin of information (Manufacturer /Service provider/Retailer /Distributor/Recycler/ Providers of Repairability services)	Agree	DIGITALEUROPE agrees with the need to have transparent information in the passport about the origin of every piece of information.
b. List of materials and substances present in the product	Strongly Disagree	The number of materials and substances present in EE products typically is in the range of several thousands. Not only represents adding such information a significant administrative burden for manufacturers and other economic actors, it is questioned what use this (general) information is for users, recyclers and other stakeholders.
c. Quantities of materials and substances present in the product	Strongly disagree	For the same reason as set out for question 2.B.1 b, collecting and compiling this information for EE product represents disproportionate administrative burden, in light of the unclarity what purpose this information serves. In addition, intellectual property rights will be jeopardised if the material composition must be disclosed. Note for example that the mandatory information for chemical products under REACH is limited to safety relevant substances.
d. Recycled content of each material present in the product	Disagree	While EE manufacturers support the idea to inform the users of the DPP about recycled content in their products, this is definitely not possible for each material present in the product. DIGITALEUROPE wants to highlight the fact that the recycled content of many metals is difficult to determine, if not impossible.

e. Presence in the product of hazardous chemicals, and if so, their location	Strongly disagree	The definition of hazardous chemicals is unclear here. If this is defined as any chemical with a hazard classification, the information is deemed irrelevant and disproportionately burdensome – remember that flame retardants are mandatory components of EE products due to safety regulations, and many semiconductor components contain chemicals classified as hazardous, while posing no risk to the user nor the environment
f. List of legislation and standards that the product complies with, or the technical specifications that it fulfils	Fully agree	The DPP is an instrument to make this information available in a structured way.
g. Results of compliance tests against legislations, standards or technical specifications	Disagree	RoHS test applies to homogeneous material level. For a complex product such as a server system, there are thousands of test reports. To provide the result of compliance tests for RoHS is not scalable and will have the same amount of burden as providing the information of material and substance in Questions b and c.
h. Expected lifespan of the product	Disagree	Stating the expected lifespan of a product in a formal document intended for sustainability information may conflict with requirements regarding warranty imposed by consumer rights regulations. It is unclear what is meant and what status would the lifespan information have. Product lifespan also depends on how it is being used, when expected lifespan could only be calculated as an average on tested products.
i. Information relevant for testing, dis-assembly, maintenance, repair or re-assembly (e.g. test protocol, disassembly)	Disagree	The WEEE Directive requires to have this information available, it makes sense to channel this to stakeholders via the DPP, with the ability to restrict access to only

process and instructions, etc.)		those actors that can make professional use of it. Like question b, c and g, if it is intended to cover the information relevant to RoHS testing, it will be too burdensome for complex products.
j. Information on safe use and instructions, where applicable	Fully agree	Exactly this information is required by safety directives and information. The DPP is a helpful channel to bring this information to stakeholders
k. Information relevant to re-manufacture and spare parts (e.g., CAD technical drawings, 3D-printing files)	Strongly disagree	Drawings and 3D printing files are part of the intellectual properties of manufacturers – disclosing this would open opportunities for counterfeiting without control
l. Information on Product Environmental and/or carbon footprint, or other relevant sustainability characteristics	Neutral	It is understood that the information required for ecolabels needs to be in the DPP, the open-ended nature of the description in the question makes it difficult to be in favour.
m. Social conditions along the value chain (e.g. working and pay conditions; respect of human rights)	Neutral	Companies doing business in the EU are required to report this on corporate basis, not on individual product basis. Potentially such information in the DPP would be redundant. The corporate reporting scenario is preferred
n. Information on the origin of product components	Disagree	The origin of product components may vary within production series as multiple sources of components are used by EE manufacturers – requiring this information may represent a significant administrative burden without solid justification
o. Information on material sources (e.g. conflict-free materials, responsible mining etc.)	Agree	Such information is already collected in the framework of the conflict minerals legislation. DIGITALEUROPE urges to be careful regarding the level of detail of required information in the DPP
p. Any possession of sustainability labels, such as the EU Ecolabel	Fully agree	DPP is regarded as an appropriate channel to inform stakeholders about sustainability labels.

q. Information on how the product should be recycled and

/or handled at the end of life

Fully agree

WEEE requires exactly this information, and the DPP is regarded as the appropriate channel to bring this information to stakeholders for the end of life phase.

2.B.2 In your view, what are the biggest **challenges** to ensuring a successful establishment and implementation of digital product passport(s)? Please select your top preferences from the list below.

Elements a (confidential data), c (complexity of products and value chains) and e (data relevance and reliability) are seen to represent a potential problem without a solid known solution:

- ▶ Shielding Confidential data will be subject to hacking as long as there is financial interest in such data. Security breaches are to be expected.
- ▶ EE products are very complex so that the amount of required information easily is disproportionate to the purpose of the DPP
- ▶ For many of the elements mentioned in section 2.B.1 of the survey, the relevance is unclear. Further, if actors add information after the product is placed on the market, this may affect the perceived quality of the product if solid verification of reliability of the information is not warranted.

2.C 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?

	DIGITALEUROPE's answer	Comments
Defective Goods	Not selected	ICT products are recyclable and, even in the case of a non-compliant or defective product most parts could be reused or recycled, so that a general exclusion of the ban would be contrary to the sustainability objectives.
Goods not complying with relevant legislation	Not selected	
Highly inefficient products	Not selected	Can be recycled
Defunct accessories/spare parts of products no longer on the market	Not selected	Can be recycled
Counterfeit products	Excluded	Counterfeit goods should be removed from the market and destroyed as it is

		impossible to determine their content and they can raise health and safety issues.
Products that pose a health or safety risk	Excluded	No compromise can be made when health and safety are at stake. This includes biohazards.
Products that are not usable after a certain date	Not selected	Not relevant for our industry.

2.C.2 What additional measures should be taken to decrease the amount of unsold goods in the EU, thereby complementing this ban?

	DIGITALEUROPE's answer	Comments
Selling damaged products at a discounted price	Not selected	Damaged products can raise quality or health & safety risks. Products should be recycled.
Fostering donation schemes	Selected	
Fostering reconditioning and remanufacturing schemes	Selected	
Fostering a producer 'duty of care', whereby producers take measures to ensure that products are not damaged during distribution, transport or storage	Not selected	DIGITALEUROPE trusts our industry is already applying 'duty of care' as cost and efficiency are common practices in our industries
Fostering greater transparency by producers regarding their product return rates and unsold goods policies	Not selected	DIGITALEUROPE trusts our industry to already apply optimised product returns and to minimise the unsold goods as they are unnecessary costs for their businesses.
Boosting more sustainable business models such as on-demand production	Not selected	On-demand production can have side-effects such as increased shipments impact on the environment.

2.D Circular business models

2.D.1 Circular business model types

2.D.1.a The ways in which businesses operate strongly influence how products are produced and consumed. The table below presents several (non-exhaustive) categories of circular business models, together with a

brief description of them. How effective do you think these models can be in terms of encouraging more sustainable production and consumption patterns? Please rate from 1 to 5, with 1 denoting low impact and 5 high impact.

	DIGITALEUROPE's answer	Comments
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 incentivising better reparability and potentially longer lifespan of the product)	5	In certain business contexts, the more the original manufacturer maintains ownership for the circular business model, the more it is encouraged to put less equipment on the market, longer life products, encourages higher utilisation and reparability. Such models are core innovation enablers. However, in other business contexts, the right choice to enable circularity and innovation is the traditional sale of a product, compared with a take-back or trade-in option or other forms of engaging the consumer at end-of-life of a product. It should be the manufacturer's choice which business model to choose, as well as whether to maintain an existing equipment or to bring new products to the market as the innovation brings new sustainability benefits. It should be noted that such product-as-a-service models may have a stiffening effect on competition as customers may be tied to a specific provider for longer times.
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)	No opinion	The ICT sector recognises that this economy is a good business model but in our industry is less pertinent due to the importance of

occasionally. As a result, less resources are used to satisfy the same needs)		presenting data privacy, confidentiality and security
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)	4	We wish to stress that depending on the product value, size or weight, the reverse logistics for repairing the goods can be a burden and especially a preventing cost. However, we strongly support the development of reverse logistics business models that have already been implemented by many ICT manufacturers
d. On-demand production (i.e. where the production of goods occurs only for those customers expressly requesting them, thus preventing overproduction and waste)	2	When manufacturing centres are located abroad, the logistics impact to meet demand on time can be quite high and an environmental burden. Though there can certainly some good and concrete beneficial examples (printing books on demand or some 3D printing for some parts), the current structure of the market today does not fit this model and the ICT industry cannot stand in a strong position in favour or against the on-demand production. In itself, on-demand production is not circular and requires further elements to qualify as 'sustainable'.

2.D.1.b Other relevant circular business models not included in the list above (please specify):

Any business model that can help retain the manufacturer's ownership allows a better management and control over the full lifecycles of the product; there are business models slightly different from the service models, such as rental and leasing, that should be considered as well.

2.D.2 Challenges

2.D.2 What in your view are the main **barriers** to successful deployment of more circular business models in the EU? Please rate from 1 to 5, with 1 denoting low importance and 5 high importance?

	DIGITALEUROPE's answer	Comments
a. The profitability of these business models is not viewed as sufficient, or is viewed as too high-risk	3	<p>A new circular model may need time to be profitable but will not be a barrier in the long term. The industry recognises that to move from a pure "sales" model to a more circular one, a capital investment is needed and profit is spread over time.</p> <p>However, the ICT sector is an innovation-driven sector and companies are used to make their own judgment even in situation when risks look higher than the traditional business model. The barrier will depend mostly on the product profile.</p> <p>As user behaviours change fast, the sector does not recognise the need to have the proof for immediate consumer demand.</p> <p>As long as the business model is operated by the original manufacturer, the technical know-how is there and can be shared with authorised, qualified and trained partners.</p>
b. The initial investment costs and financial capital required to establish such business models are too high	5	
c. Banks and investors are often unwilling to provide the credit and funding necessary to initially establish these business models	No opinion	
d. There is a lack of demonstrable success stories or large- scale projects demonstrating the business case for such business models	1	
e. There is a lack of tools and methods to measure (long- term) benefits of circularity for businesses, including the financial benefits	1	
f. There is insufficient proof of adequate consumer demand for these business models	2	
g. Consumer awareness of and responsiveness to these business models are insufficient	2	
h. There is a lack of training for entrepreneurs/potential entrepreneurs in how circular business models operate	No opinion	
i. There is a lack of the technical skills necessary to perform the functions required by these business models (repair; maintenance etc.)	2	
j. These business models are more difficult for SMEs to adopt, e.g. given the initial investment costs	No opinion	
k. A clear regulatory framework to support such business models is missing	1	

2.D.3 Taking as examples the models mentioned above, how in your view can the EU best enable or regulate circular business models?

	DIGITALEUROPE's answer	Comments
Product-service systems	Selected	<p>Our industry supports the view that the choice of business models should remain the prerogative of market actors, whereas governments regulate the environmental performance of the products that get access to a market. Any linear or circular business model is owned and controlled by a company and should not be mandated by governmental organisations. We acknowledge the need to better measure the circularity of a product or a system through research carried out by the EU to investigate if certain types of products would not fit or fit less certain business models.</p> <p>For product-as-a-service system the more an organisation has control over the whole value chain, the easier it is to enable the model and make it profitable. For certain product types, after the investment period, it will be quite easy to demonstrate the cost effectiveness, but for others where customers or consumers' choices are driven by latest design or innovations, changing to product-as-a-service return on cost could be almost zero. The cost effectiveness of such models is wholly related to the product initial price/ value and the durability of the good itself.</p>
Collaborative and sharing economy	Not selected	Neither applicable nor the priority in our industries.
Reverse Logistics	Selected	Whether we refer to product-as-a-service or Reverse Logistics models, we support voluntary models and incentives for these successful models. We do not see any value in

		regulating circular business models.
On-demand production	Not selected	Though there can certainly be some good and concrete beneficial examples (printing books on demand or some 3D printing for some parts), the current structure of the market today does not fit this model and the ICT industry cannot stand in a strong position in favour or against the on-demand production.

2.D.3.a Product-service systems: please select your top preferences (max 5) from the list below

	DIGITALEUROPE's answer	Comments
Provide guidelines on the various EU funding instruments, opportunities and support mechanisms available to foster the creation of circular business models	Selected	The industry appreciates any guidelines from the authorities that enable a better understanding of the measures, supporting mechanisms or funding that better enable the circular economy.
Strengthen maintenance and repair obligations for producers (such as on the ease of separating product parts; the availability of spare parts etc.) to encourage the adoption of these business models	Not selected	DIGITALEUROPE recognises a greater value and efficiency of voluntary commitments by producers to increase the sustainability of their products. We support voluntary initiatives and market driven sustainability rather than regulated obligations. Policy makers should not develop business models as such. Businesses welcome them to promote the development of such models and adjust legislation if it hinders new business models that are decreasing the environmental footprint.
Foster increased collaboration amongst the circular business community and facilitate exchange of best practice/'lessons learnt'	Not selected	DIGITALEUROPE recognises the value of collaboration to facilitate the emergence of new models and acknowledge this is already a best practice in our sector.

Develop tools and methods to better measure the (long-term) benefits and financial viability of circular business models	Selected	DIGITALEUROPE favours some level of circularity tools in support of a better measurements of the real benefits, both financially and environmentally speaking.
Investigate the feasibility of harmonisation at EU level of the certification of competence for professional repairers and other professionals involved in circular businesses	Not selected	DIGITALEUROPE recommends developing certification in close collaboration with the industry whose products are supposed to be in scope of such repair activity. Our sector has vast experience in training staff in our repair networks to exacting standards.
Require large producers, who offer repair and other services 'in-house', to provide repair training programmes to independents, as well as training certification	Not selected	Forced obligations are not seen as a positive outcome for our businesses that should keep the control and necessary adjustments in making their business models more sustainable.
Set EU level targets related to adoption rates for circular business model	Not selected	Alike the fact that policy makers should not develop business models as such, they should not set targets for the rate of circular models but are welcome to favour its adoption by the consumer and customers.
Disseminate information on cost effectiveness of such models	Not selected	Cost effectiveness is a company decision. Businesses should be able to choose to operate in a more or less cost effectiveness manner as they want to prioritise their investment or have different business options to present to their customers.
Introduce obligatory take-back schemes, to ensure products at end of life are less likely to become waste and can e.g. be reused or remanufactured	Not selected	We already maintain a cradle to grave service when we have leasing or service systems with a high level of flexibility if we do it ourselves, or an authorised partner with specialised companies, or leave it to the customer to mix flows with other waste streams. Making it compulsory for the manufacturer to take products back could have adverse impacts on prices levels.

Facilitate market access for circular innovations by decreasing administrative burden for new circular business models, e.g. by speeding up approval procedures for novel products and application to existing funding schemes, where appropriate	Not selected	DIGITALEUROPE is not aware of any existing administrative burden for the adoption of new circular business models.
Prioritise circularity as a criteria or as part of a reward system in use of public finances, e.g. by giving priority to circular business models in financing schemes and in formulation of public tenders	Selected	DIGITALEUROPE favours the role of the public sector in the adoption of best sustainability practices.
I. Introduce a circularity certification/label/scoring system to promote circular business models	Not selected	Alike the fact that policy makers should not develop business models as such, they should not set labels or certificates to measure a product or process circularity.

2.D.3.b Collaborative and sharing economy: please select your top preferences (max 5) from the list below

	DIGITALEUROPE's answer	Comments
Provide guidelines on the various EU funding instruments, opportunities and support mechanisms available to foster the creation of circular business models	Not selected	A collaborative and sharing economy is seen positively as sharing of products replaces purchasing, and in most cases, less resources are needed. This is a good trend that is under way, but it does not yet work well in all regions of Europe as consumer acceptance may vary. It is not applicable to all products and industries covered by DIGITALEUROPE.
Strengthen maintenance and repair obligations for producers (such as on the ease of separating product parts; the availability of spare parts etc.) to encourage the adoption of these business models	Not selected	
Foster increased collaboration amongst the circular business community and facilitate exchange of best practice/'lessons learnt'	Not selected	
Develop tools and methods to better measure the (long-	Not selected	

term) benefits and financial viability of circular business models	
Investigate the feasibility of harmonisation at EU level of the certification of competence for professional repairers and other professionals involved in circular businesses	Not selected
Require large producers, who offer repair and other services 'in-house', to provide repair training programmes to independents, as well as training certification	Not selected
Set EU level targets related to adoption rates for circular business model	Not selected
Disseminate information on cost effectiveness of such models	Not selected
Introduce obligatory take-back schemes, to ensure products at end of life are less likely to become waste and can e.g. be reused or remanufactured	Not selected
Facilitate market access for circular innovations by decreasing administrative burden for new circular business models, e.g. by speeding up approval procedures for novel products and application to existing funding schemes, where appropriate	Not selected
Prioritise circularity as a criteria or as part of a reward system in use of public finances, e.g. by giving priority to circular business models in financing schemes and in formulation of public tenders	Not selected
Introduce a circularity certification/label/scoring system to promote circular business models	Not selected

2.D.3.c Reverse logistics: please select your top preferences (max 5) from the list below

	DIGITALEUROPE's answer	Comments
Provide guidelines on the various EU funding instruments, opportunities and support mechanisms available to foster the creation of circular business models	Selected	DIGITALEUROPE supports the reverse transport of products, from consumer to producer, every time it is possible, especially when repair or reuse can be enabled in a cost-effective way. To be noted that reverse logistics also means take back schemes under WEEE that is already regulated thus the industry is in favour of funding instruments or supporting mechanisms to overcome some current barriers.
Strengthen maintenance and repair obligations for producers (such as on the ease of separating product parts; the availability of spare parts etc.) to encourage the adoption of these business models	Not selected	DIGITALEUROPE recognises a greater value and efficiency of voluntary commitments by producers to increase the sustainability of their products. We support voluntary initiatives and market driven sustainability rather than regulated obligations. Policy makers should not develop business models as such. Businesses welcome them to promote the development of such models and adjust legislation if it hinders new business models that are decreasing the environmental footprint.
Foster increased collaboration amongst the circular business community and facilitate exchange of best practice/'lessons learnt'	Not selected	DIGITALEUROPE recognises the value of collaboration to facilitate the emergence of new models and acknowledge this is already a best practice in our sector.
Develop tools and methods to better measure the (long-term) benefits and financial viability of circular business models	Selected	DIGITALEUROPE favours some level of circularity tools in support of a better measurements of the real benefits, both financially and environmentally speaking.
Investigate the feasibility of harmonisation at EU level of the certification of competence for professional repairers and other professionals involved in circular businesses	Not selected	If reparability (equally important to durability) should be considered and promoted by policy makers, forced harmonisation is not seen as a positive outcome for our businesses that should keep the control and

		necessary adjustments in making their business models more sustainable.
Require large producers, who offer repair and other services 'in-house', to provide repair training programmes to independents, as well as training certification	Not selected	Forced obligations are not seen as a positive outcome for our businesses that should keep the control and necessary adjustments in making their business models more sustainable.
Set EU level targets related to adoption rates for circular business model	Not selected	Alike the fact that policy makers should not develop business models as such, they should not set targets for the rate of circular models but are welcome to favour its adoption by the consumer and customers.
Disseminate information on cost effectiveness of such models	Not selected	Cost effectiveness is a company decision. Businesses should be able to choose to operate in their preferred manner as they want to prioritise their investments or have different business options to present to their customers.
Introduce obligatory take-back schemes, to ensure products at end of life are less likely to become waste and can e.g. be reused or remanufactured	Not selected	We already maintain a cradle to grave service when we have leasing or service systems with high level of flexibility if we do it ourselves, or an authorised partner with specialised companies, or leave it to the customer to mix flows with other waste streams. Making it compulsory for the manufacturer to take products back could have adverse impacts on prices levels.
Facilitate market access for circular innovations by decreasing administrative burden for new circular business models, e.g. by speeding up approval procedures for novel products and application to existing funding schemes, where appropriate	Not selected	DIGITALEUROPE is not aware of any existing administrative burden for the adoption of new circular business models.
Prioritise circularity as a criteria or as part of a reward system in use of public finances, e.g. by giving priority to circular business	Selected	DIGITALEUROPE favours the role of the public sector in the adoption of best sustainability practices.

models in financing schemes and in formulation of public tenders		
Introduce a circularity certification/label/scoring system to promote circular business models	Not selected	Alike the fact that policy makers should not develop business models as such, they should not set labels or certificates to measure a product or process circularity.

2.D.3.d On-demand production: please select your top preferences (max 5) from the list below

	DIGITALEUROPE's answer	Comments
Provide guidelines on the various EU funding instruments, opportunities and support mechanisms available to foster the creation of circular business models	Not selected	Though there can certainly some good and concrete beneficial examples (printing books on demand or some 3D printing for some parts), the current structure of the market today does not fit this model and the ICT industry cannot stand in a strong position in favour or against the on-demand production.
Strengthen maintenance and repair obligations for producers (such as on the ease of separating product parts; the availability of spare parts etc.) to encourage the adoption of these business models	Not selected	
Foster increased collaboration amongst the circular business community and facilitate exchange of best practice/'lessons learnt'	Not selected	
Develop tools and methods to better measure the (long-term) benefits and financial viability of circular business models	Not selected	
Investigate the feasibility of harmonisation at EU level of the certification of competence for professional repairers and other professionals involved in circular businesses	Not selected	
Require large producers, who offer repair and other services 'in-house', to provide repair training programmes to	Not selected	

independents, as well as training certification	
Set EU level targets related to adoption rates for circular business model	Not selected
Disseminate information on cost effectiveness of such models	Not selected
Introduce obligatory take-back schemes, to ensure products at end of life are less likely to become waste and can e.g. be reused or remanufactured	Not selected
Facilitate market access for circular innovations by decreasing administrative burden for new circular business models, e.g. by speeding up approval procedures for novel products and application to existing funding schemes, where appropriate	Not selected
Prioritise circularity as a criteria or as part of a reward system in use of public finances, e.g. by giving priority to circular business models in financing schemes and in formulation of public tenders	Not selected
Introduce a circularity certification/label/scoring system to promote circular business models	Not selected

2.E In your view, how important are the following measures? Please rate the choices below from 1 to 5, with 1 denoting low preference and 5 high preference.

	DIGITALEUROPE's answer	Comments
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<p>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)</p>	2	<p>Manufacturers are providing consumers with ever more sustainable products, making sustainability a competitive advantage. DIGITALEUROPE believes that modulated fees can provide the proper incentive only if properly harmonised across Member States and strictly enforced by authorities to avoid freeriding.</p>
<p>b. Recognising voluntary commitments by producers to increase the sustainability of their products</p>	5	<p>DIGITALEUROPE supports voluntary commitments which should be based on recognised metrics and standards. Preserving the ability for the sector to self-regulate via Voluntary Agreements under the Ecodesign framework is essential and efficient.</p>
<p>c. Making better use of standardisation to promote sustainability</p>	3	<p>Standards should be used as the basis for labels and commitments</p>
<p>d. Increasing transparency on the performance of products as regards sustainability, for instance by identifying different levels of sustainability performance at EU level</p>	4	<p>DIGITALEUROPE supports transparency to empower customers. However, transparency measures should be balanced with the risk of consumer information overload and the need to preserve business secrets</p>
<p>e. Better use and promotion of voluntary sustainability labels, such as the EU Ecolabel</p>	5	<p>DIGITALEUROPE supports voluntary labels based on open standards</p>
<p>f. Improving access to finance for the production and consumption of more sustainable products</p>	No opinion	
<p>g. Developing and implementing mandatory Green Public Procurement criteria and targets</p>	3	<p>GPP is a major economic factor that may help increase the demand for sustainable products. However, possible side effects should be taken into account such as the impact on public finances</p>

3. Compliance with and enforcement of sustainability requirements for products

3.A Compliance with requirements and enforcement of sustainable product policy are crucial for achieving results. Enforcement can be carried out via market surveillance within the EU Single Market and via customs checks at its borders.

	DIGITALEUROPE's answer	Comments
a. Set verification targets for the products deemed most likely to be non-compliant (e.g. electronic gadgets)	1	The definition of “products deemed most likely to be non-compliant” is rather vague and would put an extra burden on electronics products already subject to an extensive regulatory framework and a particular focus area within the Circular Economy Action Plan.
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.)	1	DIGITALEUROPE believes making Member States responsible for the surveillance of different product categories could fragment the Single Market especially since national regulations may apply to specific products, making it harder for MSAs to control and enforce.
c. Require third-party certification or inspection to simplify the work of Member State enforcement authorities	1	While we support third party certification and self-assessment, we are of the opinion that control and enforcement should rely on MSAs.

FOR MORE INFORMATION, PLEASE CONTACT:



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About DIGITALEUROPE

DIGITALEUROPE represents the digital technology industry in Europe. Our members include some of the world's largest IT, telecoms and consumer electronics companies and national associations from every part of Europe. DIGITALEUROPE wants European businesses and citizens to benefit fully from digital technologies and for Europe to grow, attract and sustain the world's best digital technology companies. DIGITALEUROPE ensures industry participation in the development and implementation of EU policies.

DIGITALEUROPE Membership

Corporate Members

Accenture, Airbus, Amazon, AMD, Apple, Arçelik, Atos, Autodesk, Bayer, Bidao, Bosch, Bose, Bristol-Myers Squibb, Brother, Canon, Cisco, DATEV, Dell, Dropbox, Eli Lilly and Company, Epson, Ericsson, ESET, Facebook, Fujitsu, GlaxoSmithKline, Global Knowledge, Google, Graphcore, Hewlett Packard Enterprise, Hitachi, HP Inc., HSBC, Huawei, Intel, Johnson & Johnson, JVC Kenwood Group, Konica Minolta, Kyocera, Lenovo, Lexmark, LG Electronics, Mastercard, Microsoft, Mitsubishi Electric Europe, Motorola Solutions, MSD Europe Inc., NEC, NetApp, Nokia, Nvidia Ltd., Oki, OPPO, Oracle, Palo Alto Networks, Panasonic Europe, Philips, Pioneer, Qualcomm, Red Hat, ResMed, Ricoh, Roche, Rockwell Automation, Samsung, SAP, SAS, Schneider Electric, Sharp Electronics, Siemens, Siemens Healthineers, Sky CP, Sony, Swatch Group, Technicolor, Texas Instruments, Toshiba, TP Vision, UnitedHealth Group, Visa, VMware, Waymo, Workday, Xerox, Xiaomi, Zoom.

National Trade Associations

Austria: IOÖ

Belarus: INFOPARK

Belgium: AGORIA

Croatia: Croatian Chamber of Economy

Cyprus: CITEA

Denmark: DI Digital, IT BRANCHEN, Dansk Erhverv

Estonia: ITL

Finland: TIF

France: AFNUM, SECIMAVI, Syntec Numérique, Tech in France

Germany: bitkom, ZVEI

Greece: SEPE

Hungary: IVSZ

Ireland: Technology Ireland

Italy: Anitec-Assinform

Lithuania: INFOBALT

Luxembourg: APSI

Netherlands: NLdigital, FIAR

Norway: Abelia

Poland: KIGEIT, PIIT, ZIPSEE

Portugal: AGEFE

Romania: ANIS

Slovakia: ITAS

Slovenia: ICT Association of Slovenia at CCIS

Spain: AMETIC

Sweden: Teknikföretagen, IT&Telekomföretagen

Switzerland: SWICO

Turkey: Digital Turkey Platform, ECID

United Kingdom: techUK