



# Brands & the new Circular Economy Action Plan

## Contribution of Europe's branded goods industry for a cleaner and more competitive Europe

AIM, the European Brands Association, fully supports the objective of the Green Deal to mobilise industry towards a clean, circular and climate neutral economy.

Sustainable production and eco-design for products and packaging have long been a priority for branded goods manufacturers, and at the forefront of many innovative measures taken in recent years.



### Brands focus on eco-design from a holistic point of view.

This means they are not only taking into account more sustainable product and packaging design, optimised resource use and efficient waste management and recycling of their products, but also efficient production processes, responsible sourcing practices and consumer involvement. AIM brands are united in these [efforts, commitments and progress towards a sustainable future](#), in terms of achieving a clean and circular economy but also to reach the [2030 UN Sustainable Development Goals](#), going beyond

environmental sustainability. Based on their unique position in the value chain, brands can impact, mobilise and engage stakeholders across their chains in the sustainability journey. This ability to influence varies depending on the complexity of certain supply chains, but can range from raw material producers to converters, waste management operators, retailers and consumers. However, in order to reach the objective of a truly circular and climate neutral economy, much more needs to be done and invested in the upcoming years.

### Brands are fully committed to make their contribution to reach the objectives set out in the new Circular Economy Action Plan, focusing on 3 key areas:

#### Sustainable Product Policy Framework

- Flexibility to innovate is crucial for brands.
- Safeguarding the EU Internal Single Market is essential.
- PPWD Essential Requirements for packaging and related CEN Standards should form the basis for any EU framework on packaging.
- Needs of product and packaging must be the focus.
- Manufacturers should have flexibility regarding the treatment of their unsold durable goods.
- Holistic approach is needed for the right to repair.

#### Consumer empowerment

- Consumer empowerment is key.
- Information on-pack must be proportionate and meaningful.
- Providing information through digital means needs to be further developed as opportunity for consumer empowerment in Europe's digital age.
- Inspire behavioural change through leveraging behavioural science and the Nudge concept.
- Support a flexible approach in the application of the PEF method.
- Compliance criteria for environmental claims developed by industry should be taken into account.

#### Packaging recycling and recycled quotas

- Well-functioning EU market for secondary raw materials is key.
- Mandatory requirements for recycled content need careful evaluation.
- Avoid diversion of industry resources needed to establish a circular economy.



## **POSITION PAPER**

# **A new Circular Economy Action Plan for a cleaner and more competitive Europe**

## **Contribution of Europe's branded goods industry**

## 1. Sustainable Product Policy Framework

### Flexibility to innovate is crucial for brands.

In the context of the sustainable products policy and its core aspect of making the eco-design framework applicable to the broadest possible range of products, it is essential for **brands to be able to fully deploy their core competence: research and innovation** in product and packaging design, production, usage and recovery. Constant innovation to anticipate and respond to consumer and societal trends and challenges is what keeps brands relevant. Therefore, **any rules and legislation for product policy are best set as an overarching framework and objectives in order to ensure the necessary flexibility for innovation**, and to avoid locking industry into short-term solutions that could become outdated very rapidly. Requirements that are too prescriptive for products and packaging under this planned framework and its extension of the eco-design framework would risk hampering innovation. Consequently, 'goals' for the industry rather than 'means' should be defined. As an example, in order to reach the Plastics Strategy holistic goal of 100% recyclable or reusable plastics packaging by 2030, the majority of [AIM members have published their own recycling commitments](#), engage in cross value chain collaboration and are currently heavily investing in R&D to find recycling solutions or material alternatives, especially for more difficult-to-recycle packaging.

### Safeguarding the EU Internal Single Market is essential.

In order to avoid the risk of EU Single Market fragmentation, measures under this overarching product policy framework should **by default be taken at EU level in order to ensure harmonisation across 27 Member States' markets**. To preserve the integrity of the internal market for packaged goods, EU legislation must not require (or even encourage) Member States to adopt national measures on packaging design as they risk being divergent. This could create a patchwork of conflicting national packaging design requirements. This also needs to be prioritised for the implementation of the Single Use Plastics (SUP) Directive.

### PPWD Essential Requirements for packaging and related CEN Standards should form the basis for any EU framework on packaging.

Regarding an EU framework and specific (design) requirements for packaging, the **full and consistent implementation and enforcement of the Essential Requirements for Packaging in the Packaging & Packaging Waste Directive (PPWD) and the related CEN Standards should be the basis for any EU framework**. By also ensuring consistency between the Essential Requirements and the guidelines for eco-modulation of Extended Producer Responsibility (EPR) fees, a consistent and harmonised set of signals for packaging design can be provided to industry.

### Needs of product and packaging must be the focus.

In considering eco-design for packaging and the uptake of recycled material in packaging, there has to be a focus on the needs of the product and its packaging. Packaging plays a crucial role for society. **It protects and preserves products as they transit through supply chains and ensures that consumers benefit from safe, hygienic and high-quality products and prevent waste**. Therefore, any packaging measure must be coherent with existing policy requirements on consumer protection, safety and hygiene. The design and role of packaging cannot be divorced from the needs of the product as a whole, and must be taken into account across the lifecycle of the product itself (rather than a sole end-of-life focus on packaging).

### Manufacturers should have flexibility regarding the treatment of their unsold durable goods.

Brands agree on the principle that unsold durable goods, which are good for use, should not be destroyed, and support finding solutions to give these products a new life. However, from an economic point of view, it

does not make sense for manufacturers to destroy saleable goods and companies strive to keep the costs of unsold goods as low as possible. Therefore, we believe that specific treatment solutions for unsold durable goods should not be mandated. Manufacturers, who know the characteristics of their products and the constraints that might be attached to them best, should be given **flexibility to decide which treatment (e.g. donation, recycling or reuse) is the most appropriate**. In this context, a legal framework should enable environmentally and economically efficient solutions. Many brands are working on innovative recycling measures as well as elaborate donation schemes where possible, and these projects should not be hindered.

### Holistic approach is needed for the right to repair.

We do not consider a blanket "right to repair" to be expedient. It is **essential to consider the environmental footprint of a repair, the logistical effort and the effort required to keep track of spare parts**. We also believe that intellectual property must be protected, and that is not negotiable – this applies in particular to the reprinting of safety-relevant parts. In addition, in the case of electronic products, the protection of the user data they might contain will need to be ensured. Finally, we would advocate to also consider the **economic and safety aspects**: if the repair of the product, done by the brand factory, is too expensive for the consumer, the repair might be carried out by a third-party repairer with poor quality. This would be at the expense of safety standards, which could put consumers at risk. Therefore, the respect of safety standards and the protection of manufacturers from liability will need to be ensured.

## 2. Consumer empowerment

### 2.1 Consumer information

#### Consumer empowerment is key.

When it comes to the empowerment of consumers to play their part in the Circular Economy, **simple, understandable and EU-harmonised information about the sustainability features of a product, proper waste disposal, anti-littering and recycling** is key. Any such information needs to be *'actionable'* by consumers.

#### Information on-pack must be proportionate and meaningful

For information displayed on-pack, it is important that any label/markings is **proportionate to the actual size of the packaging**, and **relevant and feasible in terms of its positioning on the packaging**. Depending on the overall space available on the packaging, only a limited amount of information may be placed on-pack. In order to avoid the **risk of information overload for consumers**, the focus of on-pack information has to lie on essential and meaningful information. Information requirements should also be **harmonised at EU level** to avoid manufacturers having to produce different types of packaging for different Member States.

#### Providing information through digital means needs to be further developed as opportunity for consumer empowerment in Europe's digital age.

Consequently, and as highlighted in the European Green Deal and the new Circular Economy Action Plan, an additional way for better consumer information is through **digital means**. Digital means offer a great opportunity to effectively communicate product information to consumers as an alternative to labels, packaging, retail shelf information or leaflets. It also has the potential to reduce packaging waste. The European Commission should aim to support current national, European and international initiatives for the **development of digital as an alternative or a supplement to physical product information**, and adopt a **coordinated approach to allow for digital means to provide product information in EU legislation**. This could be done by establishing a dedicated [European Stakeholders Forum for Digital Consumer Information](#)

to facilitate the regular exchange of views and best practices and the development of guiding principles. Furthermore, this forum could investigate where opportunities exist for digital means as a legally recognised option to provide mandatory product information and adapt the relevant EU regulatory framework including general product and consumer legislations, as well as sector specific legislations if such opportunities provide benefits to consumers and businesses of all sizes.

As a concrete example, we believe that in this context the **introduction of an EU-wide labelling approach that facilitates the correct separation of packaging waste at source** (listed as key action point in the Circular Economy Action Plan) could be feasible when implemented and communicated to the consumer through digital means (e.g. QR codes or digital watermarks). By optimising this approach, consumers could get information about how to correctly dispose of their used packaging at any time, taking into account their current location in the EU as well as the existing waste management system in place (as long as harmonisation of waste collection systems across Europe is not a reality). This is a clear opportunity for **consumer empowerment in Europe's digital age**. AIM and its members started working on this topic in 2018 and have already shared a concept paper with industry representatives, NGOs and the European Commission, highlighting existing labelling schemes, their benefits and disadvantages. We would be delighted to develop this further in a joint initiative.

## 2.2 Nudge approach to inspire more responsible consumer behaviour

### Inspire behavioural change through leveraging behavioural science and the Nudge concept.

In addition to providing better information about sustainability features of a product, behavioural science should be considered as a critical lever to inspire citizens to change their behaviour towards a more sustainable one. **The concept of “Nudge” is an important tool for policy-makers and industry** to not only inform citizens about sustainable product choices, but to inspire – “nudge” – them to change to more positive behaviour. Introduced by Cass Sunstein and Richard Thaler in 2008, Nudging looks at influencing people's behaviour positively and without constraints, based on Behavioural Insights. Nudging is becoming a key tool for policy-makers, and is also gaining increased support among the branded goods industry. Based on their strong relationship with consumers, brands are in a unique position to “nudge” them to choose and behave differently. We believe that this concept has **huge potential for the public and private sector to engage citizens in the Circular Economy and empower more sustainable behaviour**, notably for litter prevention, and waste sorting and collection. More information can be found on [www.nudgingforgood.com](http://www.nudgingforgood.com) or in our [Nudging for Good Factsheet](#).

## 2.3 Green claims and Product Environmental Footprint (PEF) method

### Support a flexible, fully developed, approach in the application of the PEF method.

Brand manufacturers support an EU harmonised approach for calculating the environmental footprint of a product in order to guarantee the free movement of goods in the EU. The new Circular Economy Action Plan proposes that the PEF method, developed by the European Commission and tested during a pilot phase for different product categories, should be used to substantiate any environmental claims made by manufacturers but its criteria and rules should also feed into the broader sustainable product policy framework. However, **considering the current state of play of this methodology, we would advise caution on how to use it and support a flexible approach in the application of PEF.**

**PEF is not yet sufficiently robust to be used for comparing one product against another.** Its methodology and databases still need further development. Additionally, we would like to emphasise that in the first instance products should apply a minimum performance standard before it makes sense to compare their environmental performances. If this is not the case, a for example diluted, lower performing cleaning product would on average score better than a high performing cleaning product which may sometimes have a higher environmental footprint.

Finally, the means to communicate with consumers when substantiating a green claim using the PEF method still remains to be determined. The **development of such communication tools should also utilise industry knowledge** of the key drivers of consumer behaviour.

**As AIM members have closely followed, and in many cases actively contributed, to the PEF pilots in the past, brands are eager to be involved in and contribute to this upcoming work.** We furthermore believe that for creating EU-wide PEF product group and sector-specific rules, the private sector should be in the driving seat, of course with input from other important stakeholders, such as academia and NGOs. This could be done under the supervision of the European Commission. Another suitable option would be a neutral and officially recognised third party in close cooperation and with input from industry.

**Compliance criteria for environmental claims developed by industry should be taken into account.**

With regard to green claims, we would like to refer to the 2016 **multi-stakeholder advice for [compliance criteria on environmental claims](#)**, to which AIM and other industry representatives contributed, in collaboration with the European Commission. The aim of this document was to support the implementation of the Unfair Commercial Practices Directive (UCPD) 2005/29/EC for helping consumers to make informed green choices and ensuring a level playing field for business. The document outlines concrete criteria that should be followed by businesses to support **compliance with the UCPD as regards environmental claims**, the **improvement of transparency of these environmental claims** and ultimately the **increase of consumer trust**.

### 3. Packaging recycling and recycled quotas

**Well-functioning EU market for secondary raw materials is key.**

The **reduction of waste generation and the uptake of recycled content depends on the availability of high-quality, safe and reliable recycled secondary raw materials (SRM) at competitive prices.** Functional markets with an appropriate infrastructure for SRM collection, production and trading are essential to ensure sufficient scale and material availability. Innovative tools that can help in '*pushing*' or '*pulling*' the effective recovery and flow of secondary raw materials should be supported. **Effective end-of waste criteria** are a pre-requisite to functioning markets for SRM, essential to provide the reassurance to manufacturers, regulators and consumers for the use of recyclates.

**Mandatory requirements for recycled content need careful evaluation.**

Any measures related to recycled content for packaging need to be carefully evaluated in terms of **impact on packaging functionalities, as well as the demand and supply of SRMs, feasibility at industrial scale and the consequences on material prices.** Many AIM member brands have announced ambitious [commitments to increase the amount of recycled content in their packaging](#). At the same time, the highest priority for the branded goods industry is to guarantee consumer protection, safety, hygiene, performance and quality of all products and packaging. We need to be mindful of the fact that introducing general mandatory requirements

for recycled content for packaging per se could undermine these essential criteria, especially since many applications rely on high-quality, food grade recyclates that are currently not available in the necessary quantities. We support in this context the Commission's proposal to **establish rules for the safe recycling into food contact materials of plastic materials other than PET**. Here, R&D support under framework programmes is key to ensure financial incentives for supporting close to market technologies for both materials and treatment technologies such as chemical recycling, which is especially important for difficult-to-mechanically-recycle packaging.

Furthermore, with the recent launch of the [Circular Plastics Alliance](#), the European Commission brought together key industry stakeholders from the complete plastics value chain in order to work together to achieve the target of 10 million tons of recycled plastics in new products on the EU market by 2025, as set out in the European Strategy for Plastics. This is part of their persisting efforts to reduce plastics littering, increase the share of recycled plastics and stimulate market innovation. AIM has joined this Alliance, and brand manufacturers are determined to **work together with the complete value chain to improve the economics and quality of plastics recycling in Europe**. EU-wide quotas on recycled content could seriously undermine these efforts.

So whilst **mandatory requirements for recycled content are per se not a solution for boosting SRM markets, investing into the collection and sorting infrastructure in the EU** can achieve just that. By supporting R&D and innovation under framework programmes for

- 1) **new treatment technologies**, such as chemical recycling, and
- 2) **innovative tracing technologies for better sorting**, such as digital watermarks,

we can lay the foundations for **enabling high-quality recycling in the necessary quantities**.

#### **Avoid diversion of industry resources needed to establish a circular economy.**

The new Circular Economy Action Plan refers to the Commission's new own resource proposal for the EU Multi-annual Financial Framework (MFF) 2021-2027 containing a levy of €800 per tonne on non-recycled plastic to be collected at member state level (capped at €1,000 per tonne). This is at a level approximately double that of current resin prices. There is also no guarantee of 'hypothecation' of this levy to support the plastic recycling infrastructure or other plastic related uses. As such it represents a very significant diversion of industry resources away from the challenges of ensuring a circular economy in plastics. The Commission estimates the yield from the call at €7 billion per annum. This is more than twice the total fees payable by industry in the EU for packaging EPR (approx. €3 billion per annum). **A diversion of this magnitude will seriously compromise the ability of industry as a whole to act on existing innovation programmes, let alone any new pledges.**

## About AIM

AIM is the European Brands Association representing brand manufacturers in Europe on key issues which affect their ability to design, distribute and market their brands.

AIM comprises 2500 businesses ranging from SMEs to multinationals, directly or indirectly through its corporate and national association members. Our members are united in their purpose to build strong, evocative brands, placing the consumer at the heart of everything they do.

AIM's mission is to create for brands an environment of fair and vigorous competition, fostering innovation and guaranteeing maximum value to consumers now and for generations to come. Building sustainable and trusted brands drives investment, creativity and innovation to meet and exceed consumer expectations. AIM's corporate members alone invested €14 billion in Research & Development in Europe in 2014, placing them fifth in the EU ranking of R&D investment.

### AIM's corporate members

AB InBev • Arla Foods • Bacardi Limited • Barilla • Beiersdorf • Bel Group • BIC • Chanel • Coca-Cola • Colgate-Palmolive • Coty • Danone • Diageo • Dr. Oetker • Essity • Estée Lauder • Ferrero • Freudenberg/Vileda • FrieslandCampina • General Mills • GlaxoSmithKline • Heineken • Henkel • JDE • Johnson & Johnson • Kellogg • KraftHeinz • LEGO • Levi Strauss • Lindt & Sprüngli • L'Oréal • LVMH • Mars • McCain Foods • McCormick • Mondelez • Nestlé • Nike • Nomad Foods Europe • Orkla • PepsiCo • Pernod Ricard • Procter & Gamble • Puma • RB • Royal Philips • Sanofi • Savencia Fromage & Dairy • SC Johnson • Signify • Unilever

### AIM's national association members

Austria Markenartikelverband • Belgilux BABM • Czech Republic CSZV • Denmark DLF • Finland FFDIF • France ILEC • Germany Markenverband • Greece EllhnikoV SundesmoV Biomhcaniwn Epwnumwn Proiontwn • Hungary Márkás Termékeket Gyártók Magyarországi Egyesülete • Ireland Food & Drink Federation • Italy Centromarca • Netherlands FNLI • Norway DLF • Portugal Centromarca • Russia RusBrand • Spain Promarca • Slovakia SZZV • Sweden DLF • Switzerland Promarca • United Kingdom British Brands Group

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