



Thought Leadership Workshop Three

Impacts of sustainability legislation: A European perspective



The third Sustainability Thought Leadership Workshop, held in Paris in February 2009, focused on how legislation is evolving around sustainability. Keynote speaker Herbert Aichinger from the Directorate of Sustainable Production and Consumption at the European Commission (EC) presented on *Current EU legislation* as well as the *drivers of likely future legislation*.

Mr. Aichinger began by providing the context for EU sustainability legislation. He noted that the Commission's starting point for legislation is an attempt to respond to the challenges of

1. moving towards an energy and resource efficient economy
2. reducing environmental stress in an active economy
3. changing patterns of consumption (and eventually lifestyles)
4. and transferring environmental challenges into economic opportunities

As such, the EC has taken an integrated environmental life-cycle approach – seeking to address the whole cycle of production and consumption. How natural resources are used in product design to ensure 'smarter' products; how products are then manufactured and distributed to ensure leaner production; consumption and use phases; as well as collection, reuse, recycling and recovery of resources to ensure continuous feedback. Beyond simply advocating life-cycle thinking for products, this approach is designed to promote the continuous improvement of products and to work with the market, through mechanisms like economic incentives, standards, labelling, public procurement and voluntary agreements.

The European Commission's *Action Plan on Sustainable Consumption, Production and Industrial Policy* (SCP Action Plan) adopted in December 2008 targets these objectives, which simply put equate to **better products, smarter consumption, leaner production and global action**. Mr Aichinger commented that with 90 – 95% of EU citizens knowledgeable about the problems and 10 – 15% translating this knowledge into behavioural change, EU legislation has an obligation to increase this proportion of citizens actively changing their habits. The mantra that sees *both* better products and smarter consumption as necessary was continually emphasised, with the Commission seeing both sides of the coin as vital.

On the product side, the action plan will exclude 'bad' performance (actively getting rid of worst performing products – this is happening now on a modest scale but the Commission is committed to intensifying this trend), as well as promoting 'good' performance and best practise products. The Action Plan's key policy approaches include legislation, incentives, public procurement and stakeholder engagement.

The **legislative** arm of the Action Plan focuses on

Ecodesign:

Currently operating as voluntary environmental benchmarks and compulsory minimum requirements. Eventually it is intended that worst performers will be actively excluded from markets



Ecolabel: A label of excellence, designed as a voluntary instrument for high performing products. 3rd-party verification allows product design credentials to be translated into visible information for consumers, often seen as an appropriate tool for SMEs



Thought Leadership Workshop Three

Impacts of sustainability legislation: A European perspective



Further proposals currently in co-decision include a mandatory energy labelling directive for energy-using and energy-related products, as well as a restriction of the ecolabel to frontrunners, defined as the top 10% of a product category.

Within the past year, the Commission has also revisited the long established EU Eco-Management and Audit Scheme (EMAS). Since 1995 EMAS has operated as a tool for companies and other organisations to evaluate, report and improve their environmental performance. Originally restricted to companies in industrial sectors, and then extended to all sectors including public and private services in 2001, the Commission has now proposed to increase the participation of companies by reducing administrative burden and costs, particularly for SMEs.

Green Public Procurement (GPP) has also been earmarked as a key change agent. With 16% of total EU GDP spent on public procurement, the EC is clear on the potential for the public purse to both stimulate innovative supplies and reduce the environmental impacts of public purchases. The EU GPP policy currently requires a minimum sustainability standard for publicly procured goods and services and is aiming for each member state to eventually call for tenders which only accept a certain level of environmental specification. Green procurement is also seen as a tool for the EC to push through 'layers' of sectors where there is no legislation, for example hospitals buying 'green' food.

Stakeholder engagement is also understood by the EC as being a key tool in bringing sectors and society into dialogue and activity around sustainability. The **Retail Forum**, for example was established in 2008 to work with retailers to promote sustainable products, reduce the environmental footprint of the retail sector, 'green up' supply chains and share best practice in order to foster its widespread use. Progress to date has meant that the forum is already covering 80-90% of the market in terms of the number of retailers. The resulting spill-over effect in the number of suppliers, products and supply chains that are therefore influenced is notable (with Carrefour's involvement alone, for example, affecting over 80,000 product lines).

Mr. Aichinger kindly responded to a number of questions from workshop participants, particularly around the intended impact of EU legislation beyond its own borders. It was noted that while legislation implies physical enforceability only within the borders of the union, the tools of benchmarking as well as 'naming and shaming' work well to effect the cultural and societal shifts that are precursors to non-EU business behaviour change. Furthermore, legislative changes apply to everything being sold in a particular market, originating from within or outside that market. In this sense EU policy impacts globally to raise best practice. Likewise the EU is committed to championing improved methodologies and globally agreed international standards around measures such as carbon footprinting.

The question was also put to the keynote speaker as to how 'safe' it is (from an EU perspective) to lean towards voluntary action to drive policy in the current climate. The response came back that retailers have very definitely moved past an ability to choose not to be involved anymore – it is simply too important for them not to act and this has been demonstrated by their keen involvement to date in the Retailer Forum. The EU's plan B does not involve a 'legislative stick' as it believes the imperative business case makes itself.



Thought Leadership Workshop Three

Impacts of sustainability legislation: A European perspective



Summary

Mr Aichinger was clear to emphasise throughout the workshop that the European Commission regards sustainable production and consumption as an issue of vital importance for the economic and social future of Europe, and that this commitment to the issue would be reflected in policy going forward. To date, the Council has ratified the SCP Action Plan as well as the GPP Communication. Looking forward, the Commission currently also has a number of policies working their way through the co-decision (agreement and ratification) process, including: a recast of the Ecodesign Directive; a recast of the Energy Labelling Directive; a proposal for a revised Ecolabel Regulation; and a proposal for a revised EMAS Regulation. Based on the ISO 1400 standards, non-EU companies will now be eligible to apply for the EMAS scheme, reflecting the EU commitment to encourage the globalisation of commitments to ethical values and standards. Ongoing throughout the coming year will also be the further strengthening of the new Retailer Forum and a proposal for the introduction of an Environmental Technology Verification Scheme.

For reference:

EC Strategy for sustainable development

http://ec.europa.eu/sustainable/welcome/index_en.htm

SCP Action Plan

http://ec.europa.eu/environment/eussd/escp_en.htm

Ecolabel

http://ec.europa.eu/environment/ecolabel/index_en.htm

EMAS

http://ec.europa.eu/environment/emas/index_en.htm

GPP

http://ec.europa.eu/environment/gpp/index_en.htm