Essity statement on the European Commission's consultation on Sustainable Products Initiative

The European Green Deal aims to transform the EU into a modern, resource-efficient and competitive economy while reaching its 2030 climate and energy goals and becoming climate-neutral by 2050, as well as moving towards a zero pollution ambition to protect the EU's natural capital and citizens' health and well-being. Essity, a global hygiene and health company with a vision of bringing well-being for hundreds of million people every day, is continuing to integrate circularity in its business model: from responsible raw material sourcing, more efficient production with a smaller climate footprint, to solutions that enable customers and consumers to minimize waste. Through our continued efforts to make more from less, increase circularity and well-being we help customers and consumers make more sustainable choices.

We welcome the European Green Deal (EGD) and the Circular Economy Action Plan (CEAP). The initiatives following the CEAP must take into account the long-term socio-economic benefits of products and services and specifically for the hygiene, personal health and care sectors their role in: preventing diseases and infections; allowing high-level hygiene everywhere in the EU; and fostering the health, independence and well-being of people. This requires embracing a life-cycle approach, where environmental performance is assessed throughout the entire life cycle and product and where the role and the functionality of packaging and products are considered. The European Commission has proposed establishing overarching product sustainability principles, one of them being requirements to address **social aspects throughout the product lifecycle** as part of sustainability principles and requirements, where appropriate and feasible. It is of great importance and underlined by the pandemic caused by the coronavirus - which causes the infectious disease (COVID-19) - that the social aspects must include hygiene and health concerns.

Below are some of our key input related to this policy initiative. We welcome the establishment of overarching product sustainability criteria aimed at minimizing the negative environmental and social impacts of products and of the relevant processes. However, we need to underline that **harmonization is key here**. Having a patchwork of initiative to promote more sustainable consumption is not desirable. **Implementation guidance need to be clear and harmonization during the implementation process needs to be prioritized.** See difference between Medical Device Regulation vs. Waste Framework regulation.

Sustainable sourcing of raw material

It is of utmost importance that our products are safe for our workers and consumers. But it is equally important that no humans are harmed during the sourcing of our products. By having rigorous systems in place, we work to ensure that none of this happens. Furthermore, we collaborate to advance human rights and product safety globally. Our human right´s commitment is reflected throughout our Code of Conduct, in our Global Supplier Standard and other company policies. Compliance with such standards is a prime factor when selecting our business partners.[1] This is something that can be included in the social aspects throughout the lifecycle - as part of sustainability principles and requirements.

Essity is committed to the sustainable sourcing of raw materials. For example, to be considered sustainable, wood-based products need to contribute to sustainable forest management. The sourcing of forest biomass is framed by the EU and national forest & nature policies and legislations as well as market-based certification systems (i.e. FSC and PEFC certifications) in place. The certification systems strive to find a balance between biodiversity preservation, climate protection and economic output.

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[1] In 2020, 92% of our procurement spend came from suppliers that were compliant with our Global Supplier Standard.

Thanks to the sustainable forest management, Europe can proudly claim that it currently has more forest resources than it did a century ago.

Avoid one-size fits all solutions

We work to create well-being and health for consumers and customers while improving the environmental footprint for our products and services. The environmental footprint is improved by reducing consumption during use, developing products with smarter design, superior materials and optimizing resources efficiency in the whole life cycle. We want to increase the use of renewable and recycled materials and explore reuse and recycling.

When it comes to the proposals from the European Commission on sustainable principles and setting demands on recycled content etc. a one size fits all approach will not be effective in delivering the systemic change the EGD strives for. Different products serve different purposes and have different impacts. Overarching sustainability criteria will need to be followed up by **product specific approaches,** that need to be aligned with already existing legislative frameworks, such as the risk-based approach for forest biomass applied in the RED II sustainability criteria for biomass. Additionally, it is important to point out that overarching sustainability criteria will only be effective and drive real change when applied to EU products that produced in the EU, **as well as imported products** in order to ensure a level playing field.

Keeping in mind that 80% of all product-related environmental impacts are determined during the design phase of a product, we recognize that it is essential to strive for increased sustainability during this specific phase. However, we also believe it is essential to maintain a holistic approach and ensure that more sustainable choices are taken, while also properly accounting for considerations, such as product and consumer's safety. Additionally, it is important to recognize that **not all products are made to be repairable or re-usable and that sometimes to increase efficiency and safety it is preferred to avoid products that can be reused or recycled.** As different products are designed for different purposes, we again reiterate the need for a product specific approach.

For example, in our tissue products (toilet paper, paper hand towels, napkins etc) Essity uses both fresh wood-based fiber, recycled and alternative fiber. Regarding the recycled paper the paper industry together with its partners in the paper recycling value chain already developed a system where there is a healthy market demand for paper for recycling and the different qualities are used in the paper industry segments where it is most efficient to use them, Therefore we strongly believe that the introduction of an EU-wide mandatory requirement for recycled content in specific paper fibre based products, would challenge an industry, already championing recycling as collected material would be artificially diverted to be used to certain products and regions, leading to a lack of them in other products or regions. Paper recycling could be much better supported by further developing a high-quality separate collection system and supporting the industry in the management of unavoidable recycling residues.

PEF needs to be further developed to be relevant and user friendly for companies

Essity agrees with the Commission that currently many products related externalities and impacts are not properly accounted for, thus hindering the transition towards more circular patterns of consumption and production. Essity is positive to use a Life Cycle Perspective when assessing the environmental impact from products and services We have a long tradition of conducting LCAs.[2] Essity recognizes

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[2] We managed the following using LCAs:

• We have reduced the carbon footprint of our TENA pants by a third since 2008. We optimized material selection to reduce waste based on the needs of the consumer whilst minimizing the risk for leakage.

• A recently performed LCA of the Tork Coreless Bath Tissue has shown an average of 11% reduction in the product's carbon footprint, compared to conventional toilet paper. It also generates 86% less packaging waste. Additionally, Tork Xpressnap reduces napkin consumption by at least 25% compared to traditional use of napkins.

• We have reduced the climate impact of Libero diapers by up to 25% since 2008 for the whole life cycle.

• We are rolling out a sustainability initiative for the Baby business in Germany, introducing 30% recycled (PCR) plastic in the baby packaging.

that PEF is an important tool and we have been contributing during the phase of testing and developing the method. However, the PEF methodology needs to be further developed to be more user friendly for companies. Its methodology and databases still need further development and we are eager to be involved in and contribute to this upcoming work.

In July 2020 our trade association CEPI presented a PEF SME tool, fully based on the Intermediate Paper Product PEF Category Rules (PEFCR) for intermediate paper products, which are the most complete of any EU PEF Pilot Category Rules. Being active users of the PEF, we would take the opportunity to highlight some areas that could be improved before mainstreaming its use.

➢ Further development of the land use impact methodology that reflects sustainable forest management realistically and the circularity formula;
➢ Setting of rules on how intermediate product footprint results will be linked to the final product calculations;
➢ Updating data for several product categories;
➢ Apply the same methodology for EU products and imports.

Beyond Paper Product PEF Category Rules, we underline the importance of:

➢ taking account of Life Cycle Perspective, based on ISO14040-series, and already developed category rules for personal care and tissue products. This will support a sound European PEF methodology.
➢ coordinating the work in developing sector-specific rules, in close collaboration with stakeholders, such as industry actors, public authorities, academia and NGOs.

Digital Product Passport and Labelling

We need several ways to promote sustainability and drive changed behaviors. One of the areas under the sustainable product policy is to establish EU rules for setting requirements on mandatory sustainability labelling and/or disclosure of information to market actors along value chains in the form of a digital product passport. The option to include a digital product passport (DPP) for products, considered by the Commission, could be an effective tool to facilitate communication along the value chain and ensure that the value of information, materials and products does not get lost. If properly designed and implemented, the DPP could bring added value. However, it is important to establish a smart questioning mechanism, to ensure that the information available is displayed to the relevant actor, rather than available by default to all. Developing, with the support of concerned stakeholders, product specific information requirements will help with this approach and will be essential to identify which information is needed for which product group. Other important elements to keep in mind are:

➢ The sensitivity of information, to ensure that the disclosure does not hinder a company's intellectual property or reveal confidential information.
➢ As for the overarching sustainability criteria, the DPPs should equally apply to imported products.
➢ The environmental information displayed should be coordination with the Green Claims legislative proposal.
➢ The addition of DPPs on products will inevitably create extra costs so care should be taken to manage these without jeopardizing the economic resilience of operators including SMEs.

To empower the consumer in the green transition it is important to underline that the Commission should:

➢ Encourage and support the adoption of nudge policies to bring about positive changes in consumer behavior based on the Commission's own study on behavioral economics, and the multiplication of regulatory labelling schemes

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• Early 2020 we introduced packaging made of renewable materials on a significant part of our portfolio, for example feminine liners, Ultra towels, and Maxi towels. Our towels plastic packaging is now made from at least 50 percent renewable sources, using responsibly grown sugar cane and our liners paper packaging are made from 100 percent renewable fibers.

➤ Labels should not come at the expense of brand and product information that companies need to communicate (i.e. brand recognition, conditions of use and own good practice).
➤ Any labels should be developed together with the relevant trade organization to secure relevance
➤ Concentrate efforts on labelling that supports consumers to better disposal of products (i.e. anti-littering and separation of waste. The Commission has an important role to play to incentivize and push Member States waste system to contribute to increased incineration, recycling or composting where suitable to reduce landfilling.
➤ Support current national, European, and international initiatives for the development of digital labelling 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.

Harmonized regulations promoting sustainable innovations

It is of outmost importance to have transparency, predictability, and long-term perspectives in public policy to allow stakeholders such as companies to understand what is coming when planning new innovations as well as predictability in terms of definitions etc. These policies and regulatory frameworks do not need to be subject to frequent changes, but rather allow to plan and implement innovations accordingly. For example, we invest in finding materials and innovations that can both meet our high demands on sustainability including quality and safe products and at the same time contribute to lower environmental impact and improved circularity. It is important that the regulations allow for sustainable innovations and do not limit future development of products and services. Therefore, any rules and legislation for products policy are best set as an overarching framework and objectives to ensure flexibility for innovation, and to avoid locking industry into short-term solutions which could be outdated very rapidly. However, when applying standardization and classification (including contamination risk and traceability) of material and products, we propose reviewing existing ISO- and CEN-standards or introducing new once to secure both safety and efficiency.

In order to avoid the risk of EU Single Market fragmentation, measures under this overarching sustainable product policy framework should be taken at EU level to ensure harmonization and avoid divergence across 27 Member States' markets. No matter what economic incentive applied the incentives should drive sustainable innovation, incorporated in existing reporting/LCA-systems rather than creating administrative/bureaucratic burden. It is also important that the initiative (tax or fee) is ear-marked and not fills other Government funding gaps but the gap it is trying to solve.

We look forward to the continued dialogue with the Commission and engage together on this common challenge and opportunities in the future.

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