



Feedback on the European Commission's Sustainable Products Initiative

At Amazon, we are committed to and invested in sustainability because it is a win all around – it is good for our customers, our communities, our planet and our business. We are continually looking for ways to make our business more sustainable as we work to meet The Climate Pledge, a commitment we co-founded with Global Optimism to reach net zero carbon by 2040 – ten years ahead of the Paris Agreement. As part of this effort, we are already helping our customers to reuse, refurbish and recycle through Amazon Second Chance; and we help our sellers donate unsold stock to charities in markets where an enabling framework exists (currently in the UK and US). To make it easy for customers to discover and shop for more sustainable products we recently announced Climate Pledge Friendly in the EU. Customers will now see the Climate Pledge Friendly badge on more than 40,000 products in Europe to signify that the products have one or more of 19 different sustainability certifications that help preserve the natural world, such as reducing the carbon footprint of shipments to customers. [Climate Pledge Friendly](#) includes a wide range of global certifications, including the EU Ecolabel, Blue Angel, and Nordic Swan.

Amazon welcomes the Commission's decision to assess options for strengthening the sustainability of EU product policy and facilitate the environmental performance of all products placed on the market in the EU. In so doing, we encourage the Commission to be mindful of the importance of an effective and flexible policy framework to facilitate and stimulate industry-led innovation for sustainability. The impact assessment should also consider whether existing legislation in other areas can be aligned with the objectives of the Sustainable Products Initiative (e.g. though guidelines on VAT relief for donations of unsold products). Additionally, we would like to highlight the importance of developing and scaling up a strong waste management and recycling sector to realize the broader objectives of the circular economy. With these goals in mind, we advise the Commission to consider the following points in developing its Sustainable Products Initiative:

1. Any new legal requirements on sustainable product design should be developed within the framework of the Ecodesign Directive, but industry-led standardization should remain the preferred option for new criteria and product types

The Ecodesign Directive has proven to be highly effective in regulating the eco-friendly design of energy-related products, to the benefit of consumers and the environment. The strength of the Ecodesign Directive is that it sets the framework for vertical, product-specific regulation, which accounts for the highly differing characteristics, needs and use patterns of different product types. Any new legal requirements on sustainable product design should be developed within this framework to ensure a coherent, proportionate, effective and cost-efficient regulatory framework.

While the Ecodesign framework is highly effective, it is also a highly complex and deliberate process, which serves to develop well-considered product-specific regulation over the course of several years. The addition of new sustainability criteria to the process could contribute to making the already highly complex framework difficult to manage, thereby hampering the development of proportional regulation within reasonable timeframes. This would run counter to the ambition of regulating new product types and categories under the Ecodesign Directive.

To overcome this challenge, Amazon would encourage the Commission to facilitate the industry-led development of product design standards through European standardization bodies. This approach would enable the development of industry-wide and internationally oriented standards that facilitate international trade and reflect the technological state of the art, with a potentially broad application of an initial methodology

enabled by the voluntary nature of the standards. More specific standards for individual product types and categories can then be developed on that basis.

In specific cases where the Commission concludes, through thorough impact assessments, that such standards are insufficient and that legally binding requirements for certain product categories are necessary and proportionate, Amazon encourages the Commission to develop these only through the framework of the Ecodesign Directive. It is crucial that any such requirements facilitate international trade through alignment with international standards where they exist, and that they are developed in close cooperation with affected industry actors to ensure that legal requirements are technologically feasible, efficient, cost-effective and proportionate.

2. Facilitate digital product information to consumers and between operators across the value chain, to reduce administrative burdens while respecting intellectual property rights

Digitalization of product information through e-labelling and e-manuals brings clear advantages over physical product information provision¹, i.e., on either the packaging or on the product. Unlike physical product information, e-labels and e-manuals can be updated and made available in new languages after the time of manufacture, and they provide a solution to the challenge of information being lost or becoming unreadable during the life of the product, and reduce the need for printed material. They are a flexible, dynamic and scalable alternative that can benefit consumers, authorities, and actors across the supply chain. Amazon therefore supports measures by the Commission facilitate the option of certain product information to be available electronically rather than physical labels and manuals.

There are already several different pieces of EU legislation that require manufacturers to disclose information on products and materials, including the Ecodesign and Energy Labelling frameworks, the WEEE Directive and the REACH Regulation. Amazon stands ready to contribute to the development of a digital product information tool to streamline these requirements, possibly through the creation of a digital ‘product passport’ – provided that this is developed in full respect of intellectual property rights and with a clear view to reduce administrative burdens for businesses. If done right, such a tool could contribute to facilitating the circularity of products by making necessary information available to operators across the value chain, while decreasing the administrative burden caused by disclosure requirements and thereby facilitating market access for innovative products and SMEs.

3. Remove disincentives for donations of unsold durable goods by facilitating VAT relief

Amazon welcomes the Commission’s intention to address the destruction of unsold durable goods, where the Commission provides reasonable exclusions to protect intellectual property and data privacy. Amazon is actively working to prevent products going to waste, whether they are sold by Amazon or by the tens of thousands SMEs that offer their products through Amazon Marketplace. We develop and provide sellers with demand forecasting tools to limit the need to clear unsold inventory, and combine these with programs to minimize destruction of returned or unsold items. This includes Warehouse Deals for used products, liquidation of returned goods, donation of eligible products to charities, and recycling programs.

Unfortunately, the EU VAT Directive (2006/112/EC) discourages donations of returned or unsold inventory by requiring businesses to account for VAT on donated goods. As a result, it is not economically viable for many businesses to donate goods, in particular for SME sellers. This also makes it unviable for Amazon to develop and

¹ For more information on the benefits of e-labelling, see the [Study](#) for the introduction of an e-labelling scheme in Europe, and the accompanying [Cost benefit analysis](#) conducted by VVA on commission by DigitalEurope and the Mobile & Wireless Forum

scale a donations program for our selling partners. Certain Member States (in particular France) have opted for VAT relief for donations in national legislation. As a result, we are working on a program in France that will redirect our sellers' unsold stock from destruction to donation. Unfortunately, other Member States are unwilling to introduce such VAT relief in the absence of clear approval or endorsement from the EU level.

To enable donations of unsold products, the Commission should consider a targeted amendment of the EU VAT Directive to ensure that donations of unsold goods to charitable organizations are VAT-free, thereby ensuring coherence with Circular Economy objectives and the Sustainable Products Initiative. Until such changes in the EU VAT Directive can be introduced, Member States should be encouraged and enabled to introduce national VAT exemptions for the donation of goods through EU guidelines on the implementation of the EU VAT Directive (e.g. VAT Committee guidelines).