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## A „Sustainable Product“ Label for All Products

**17 - 30.** This is the shortest summary of the world's sustainability efforts in 2021: The world wants to successfully implement the 17 United Nations Sustainable Development Goals (SDGs) for a better world by 2030.

Large parts of this better world can be achieved in daily economic life. Especially in the industrialized nations, there are more and more companies and people who would like to buy sustainably. However, they lack consistent and reliable information to see how sustainable a product really is.

There is a confusing variety of product labels that promise sustainability. Some are state-certified, others marketing-oriented. However, most of them focus on certain aspects and disregard others. Few say anything about working conditions, for example.



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For food, "organic" seems to be the best choice, but what if the organic product has traveled half the world and is still cheaper than a competitive product that has been produced locally? What if the toaster or laptop was built on fair wage terms, but cannot be opened and repaired? What if the company overall or T-shirt has lost its color after just one wash and goes to the garbage?

**If you want as many sustainable consumer decisions as possible to be made, you must provide investors and consumers with appropriate, easy-to-understand information. This is also a requirement of fairness.**

It is long overdue that people and companies around the globe be rewarded for the sustainable production of raw materials and end products, and that they become visible. This is the only way to incentivize others to do the same.

**What is currently missing is a link to make sustainable products visible on a low-threshold basis – not only in terms of "organic" or "fair", but also in terms of raw material extraction, transport and use, repair, and recyclability.**

In this context, measures taken so far – for example, the shutdown of fossil-fuel power plants, a carbon tax, and the promotion of regional, sustainably grown products – are not enough. Investors and consumers need to be much more involved to make further progress. **This works only if there is enough good information to provide a reliable basis for choosing a product.**

**We therefore propose that each product should be tagged with a "Sustainability Label" that is simply structured and based on already known patterns. Each product must provide clear information on how its existence affects sustainability, SDG criteria and climate protection.**

This can be achieved when each product is assessed in the following five categories:

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| 1 | <b>Raw materials</b> (extraction, cultivation, breeding, energy, working and social conditions, payment, environmental consumption, possibility of restoration of the original state of the environment, ...). |
| 2 | <b>Production</b> (energy, working and social conditions, stock breeding and animal welfare, payment, use of natural environmental, use of toxic substances, ability to repair, ...).                          |
| 3 | <b>Transport and trade</b> (transport, distance and energy, animal welfare, payment, packaging, ...).  |
| 4 | <b>Use</b> (conditions of use, energy consumption, durability, ...).   |
| 5 | <b>Disposal</b> (return to the material cycle, energy consumption, possibility of recycling of product and packaging, ...).  |

These represent the individual stages of the production, delivery and recycling chain and contain all the criteria required for the assessment of sustainability, implementation of the SDGs and climate protection.

**The following benefits can be achieved:**

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| 1 | <b>Investors and consumers are easily informed about the impact on sustainability, SDG targets, and climate protection when deciding to purchase a product.</b> The way of information corresponds to today's methods.   |
| 2 | <b>Achieving sustainability, SDG and climate goals is encouraged.</b> The label also addresses and includes consumers who have not yet been actively involved in sustainability. "Greenwashing" is prevented because negative aspects cannot be concealed.   |
| 3 | <b>Companies receive direct incentives through the product label</b> to change product portfolios in favor of more sustainability, support of the SDGs and climate protection. Here, competition plays a major role: Those who do not adapt their products may lose customers to competitors who manufacture more sustainable products. A positive label becomes an advantage. |
| 4 | <b>The state can use instruments</b> via the assessments <b>to make products proportionally more expensive that do not meet minimum requirements</b> for sustainability, SDG targets and climate protection. Ultimately, it is an effective step to assign "environmental costs" of products directly to the respective product. Land and raw material consump-                |

tion, climate effects and the degree of implementation of the SDGs become immediately recognizable and can be collected, for example, in the form of levies. These costs, in turn, can be directly influenced by the producers.

#### About the current state of play in Europe

The EU ecolabel comes closest to the above-mentioned requirements. It was introduced in 1992 by EU Regulation EEC 880/92 and is a voluntary product label for everyday products. The focus is on climate and environmental protection. Other criteria, such as working and social conditions, are not sufficiently considered, according to independent analyses. In addition, the voluntary nature and assessment based on information provided by the respective manufacturer are problematic.

## The Structure of the Label

**The structure of the label is simple.** The assessment is made in five gradations from A (best) to E (worst). Each value has a color associated with it (gradations from A - green to E - red). A total value is possible, but not necessary. In this case, the worst single score would determine the total value. A product could receive the sustainability label if the assessment reaches certain minimum values.

The "**Sustainable Product - Made in Europe**" extension could become a **globally recognized brand**.



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## Conditions

A Sustainability Label for all products is suitable for initiating a **paradigm shift** both inside and outside Europe that directly promotes and facilitates the achievement of the EU's sustainability, SDG implementation and climate protection goals.

**However, the prerequisite** for this is that the assessment and classification of a product is completely **lobby-free, independent, and transparent** on the basis of comprehensible data and criteria, as well as regular updating. The legitimate business interests of companies (e.g., trade secrets, protected production processes or materials) must be considered.

**The indispensable basis is the political will.** In addition to legislative measures, it is necessary to establish administrative structures for the testing and approval of products.

The Sustainability Label would affect all sectors of the economy equally and **without discrimination**, thereby promoting acceptance. Information events, spots in the (social) media or flyers can also contribute to this.

Of course, there are also costs for the introduction of a Sustainability Label. These include the one-off costs for the necessary structures and running costs for operation. For product manufacturers, it is the cost of the entire survey process (time, personnel, and material expenses) as well as the collection of data for product assessment. However, the use of data from other approval, certification and distribution processes can have a compensating effect.

Costs and expenses for product assessment can be a significant barrier to market entry for producers, particularly in countries in the global south. The system should therefore be set up by the industrialized nations, and measures must be developed to ensure that producers and suppliers in poorer countries can use it at low thresholds. This way, something is being done for a fairer world in the spirit of the SDGs.

## Implementation

The implementation can look like this:

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| 1 | <b>Each product undergoes a mandatory assessment in the above-mentioned categories</b> before it can be used in the respective market. There is no distinction between products manufactured in the EU or abroad.   |
| 2 | <b>Each of the categories, "raw materials", "production", "transport and trade", "use" and "disposal", is assessed separately and incorporated into a scoring model.</b> The model (e.g., a points system) and the measurement methods should be developed by an expert working group.  |
| 3 | <b>The classification in a category determines the use and scope of measures</b> which may lead to a higher or lower price, or (in extreme cases) the exclusion from the market.  |
| 4 | <b>The corresponding classification workflow largely corresponds to the effort required to assess the respective supply chain</b> and therefore does not need to be redeveloped. For maximum score, the entire supply chain must be documented together with statements on transport and trade, use, and disposal. Any gaps that arise lower the score. |
| 5 | <b>New technologies (blockchain and AI) are used to ensure tamper-proof tracking of the entire supply chain and end products.</b> In the absence of information, AI-based estimates can be used. Example: If raw materials are used from a region that is known for   |

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|   | child labor, and the manufacturer does not provide any data, the probability of child labor can be determined, and the product can get the corresponding (negative) score for the category "Raw Materials".   |
| 6 | <b>Existing labels</b> ("organic" certificates, fair trade etc.) or the results of the corresponding tests are used within the respective category, and the corresponding organizations behind the labels are included for the delivery of the required information. This saves effort for additional checks. When using a worldwide data platform (blockchain), all state-recognized label creators can be connected and give their rating for raw materials and products, which is then included in the score of the respective category. |

To simplify the assessment, existing or planned procedures (CO<sub>2</sub> levy, existing product approval processes) can be used and extended, where necessary. The use of artificial intelligence (AI) is also conceivable by building a learning system that asks the right questions and calculates probabilities for unclear manufacturer information to determine the correct scoring values for a product.

The entire implementation must be planned and managed as a large-scale project. It is important to develop a timeline that measures project progress and achievement of goals.

There are several options for the launch itself:

- Begin with a voluntary labelling of products, and a survey of how the labelling is implemented on this basis.
- No obligation to participate immediately. However, participants gain a competitive advantage over non-participants because the label can be successfully positioned in marketing.
- At first, no use of state-run control instruments.
- Sectoral introduction, for example, start with the energy or food sector.
- Introduction by product groups.
- Best-Practice / Top Runner as a role model and orientation: It is determined which companies in the respective segment are the pioneers in terms of sustainability. The values achieved are taken as a guideline, and within a period to be determined, all others must achieve the same values (e.g., climate neutrality in transport).
- A "partial introduction" would also be conceivable, in which only one of the five assessment criteria would initially become valid.

The label should apply to all consumer and business products. Labels that are already in use today, or the results of the associated testing processes can be included in the overall assessment.

It would also make sense to support the implementation scientifically, for example by research institutes in the field of sustainability.

## An Emotional Conclusion

A Sustainability Label for all products and the uniform testing process behind the label would be an innovative element that can change the role of the EU in the global economy. It is also a

building block for entering a true circular economy. Achieving the SDGs will be easier, as all economic agents will be informed about the impact with each product decision and may be able to take advantage of alternatives if necessary.

We investors and consumers should be able to see immediately whether a product benefits the world or damages it.

We want products that are not produced at the expense of other people and the environment. We want farmers in the global south who produce and transport sustainably have a visible advantage. We would like to see an end to greenwashing and the beginning of a real "green" production. What we buy should last a long time and then be recyclable as much as possible.

A Sustainability Label shows us all this at a glance. The label would thus be a milestone on the way to a climate-neutral, sustainable, and just world and could become a real USP<sup>1</sup> for participating states.

**We are offering our support to make the „Sustainable Product“ label a reality.**

## Editorial Notes

### About the Authors

Wiebke Brüssel and Dr. Heiko Heinrich Stutzke are managing partners of Das Strategiebüro.

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<sup>1</sup> USP = Unique Selling Proposition.

