

MAKE UK BRIEFING ON DIGITAL PRODUCT PASSPORTS

This briefing provides an overview of the European Union's Digital Product Passport (DPP) initiative introduced in 2024. The DPP aims to enhance transparency and sustainability across product value chains. Originating from the European Union's Ecodesign for Sustainable Products Regulation (ESPR), the DPP aims to create a standardised, digital record for products, capturing comprehensive details about their origin, materials, environmental impact, and end-of-life disposal.

There are now questions about whether the UK will follow this trend, given its own sustainability goals and regulatory ambitions. For the UK, adopting or aligning with this trend could offer significant economic and environmental benefits, supporting its broader sustainability agenda. However, careful planning and industry collaboration will be critical to overcoming potential hurdles and ensuring a seamless implementation The initiative further underscores the need to have employees with strong environmental competence to ensure informed, sustainable decisions in response to evolving environmental challenges. By taking a proactive approach, the UK can stay at the forefront of sustainable innovation and enhance its global competitiveness.

Digital Product Passport

- 1. The new digital product passport is a key feature of the EU's ESPR initiative. The EU Commission will manage a public web portal, enabling consumers to search for and compare the sustainability information provided in the product passports. This initiative will require companies with complex supply chains to thoroughly understand each stage of their value chain to gather the necessary data and provide greater transparency to consumer on product lifecycles. Companies can expect DPP requirements to apply as of 2027 or 2028.
- 2. Data requirements for the specific products or product groups might vary and more information will be published in the Supplementing Acts to the ESPR.¹ Here are the current data requirements for digital product passports:
 - Unique Product Identifier: Each DPP links to a unique product ID via a data carrier (e.g., barcode, QR code) placed on the product, its packaging, or in accompanying documentation.
 - Compliance with Global Standards: The DPP follows ISO/IEC 15459:2015 standards to ensure consistency, quality, and global interoperability.
 - Structured, Machine-Readable Data: All information in the DPP is structured, machine-readable, and based on open standards, making it searchable and compatible with digital systems.
 - Comprehensive Product Information: The DPP contains key details about the product model, batch, or individual item, enhancing transparency across the supply chain.
 - Controlled Access to Information: Access to DPP information is regulated per Article 10, with specific access levels for each product group as set by Article 4.

¹<u>Regulation - EU - 2024/1781 - EN - EUR-Lex</u>

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3. The data created by the DPP will help industry to demonstrate commitment to reducing emissions throughout their supply chain helping compliance with increasing government focus on sustainability. Alongside this, there are several wide-ranging benefits for industry such as enhancing traceability, improving quality control, assisting in optimisation of production processes, and providing opportunities for greater cost analysis whilst simultaneously strengthening consumer trust.

UK approach

- 4. While the UK is no longer bound by EU regulations, the push for greater sustainability and transparency is similarly strong. The UK Government has introduced its own frameworks, such as the <u>Sustainability Reporting Standards and Extended Producer</u> <u>Responsibility</u> (EPR) initiatives, which aim to improve product lifecycle management. There is a growing industry interest in adopting similar digital tools to enhance supply chain transparency, comply with international standards, and meet consumer demand for responsible products. The government is yet to make any formal statements directly relating to the EU's introduction of the DPP although recent policy movements suggest that it have increased relevance to the government agenda particularly through their continued commitment to the circular economy.
- 5. The circular economy is about retaining the value of products and materials for as long as possible over the course of their lifecycle. Manufacturers of a product have information that could improve its circularity later in its lifecycle, such as information on repair or recycling instructions, but until now, they didn't have an incentive to make this information easily available. The DPP aims to change this, by setting requirement to make this information available for actors across the value chain, such as resellers, users, or recyclers.
- 6. The government is aiming to create a circular economy strategy working with an independent expert advisory group established in November 2024.² It is our belief that the government should include DPPs or an equivalent programme in this work particularly with its ability to promote efficient and productive use of resources and drive economic growth by stimulating investment in technologies, sectors and infrastructure that enable resource circularity.

Impact on manufacturing

- 7. The move to using DPPs will impact on UK manufacturers product suppliers wanting to do business in EU states. Furthermore, it should be noted that the vast majority of the biggest product suppliers to the UK construction sector are headquartered in Europe and are thus unlikely to want to run one DPP system for all their products in Europe and another for all their products in the UK.
- 8. At first glance, it would seem like the introduction of this initiative may place additional regulatory burdens on businesses which could adversely impact on SMEs therefore any DPP systems must be implemented with users and cost at the forefront of their design. This will require a framework that can work with traceability software to standardise data sets coming from existing ERP systems.

² Circular Economy Taskforce - GOV.UK



9. The technology already exists to implement an effective digital product passport, but businesses will remain sceptical until feasibility has been demonstrated at scale. The investment required for DPP implementation, such as data infrastructure, compliance,

supply chain integration, and cybersecurity, is necessary for creating flexible and scalable systems that will ultimately enable businesses to reduce future costs.

Next steps

10. We would encourage the government to actively engage with the DPP to ensure that businesses have the tools in place to in interact with the regulatory demands. This includes thinking about how an equivalent scheme may work in the UK and considering it as a key enabler for the circular economy.

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