

PRODUCT ENVIRONMENTAL FOOTPRINTING

EXPERIENCE AND RECOMMENDATIONS OF THE FOOD AND DRINK SECTOR





Product Environmental Footprint (PEF) is an EU-wide multi-criteria assessment of the environmental performance of a good or service throughout its life cycle

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FoodDrinkEurope represents Europe's food and drink industry, Europe's largest manufacturing sector in terms of turnover, employment and value added. FoodDrinkEurope works with European and international institutions, in order to contribute to the development of a legislative and economic framework addressing the competitiveness of industry, food quality and safety, consumer protection and respect for the environment. FoodDrinkEurope's membership consists of 25 national federations, including 2 observers, 27 European sector associations and 21 major food and drink companies. For more information on FoodDrinkEurope and its activities, please visit: www.fooddrinkeurope.eu

EXECUTIVE SUMMARY

POLICY CONTEXT

The European Commission published its Communication 'Building the Single Market for Green Products' in 2013, which aims to establish a common definition of what an environmentally sustainable product is and to address the lack of consumer trust in environmental claims. As part of this Communication, the Commission proposed the adoption of two EU-wide methods: the Product Environmental Footprint (PEF) and the Organisation Environmental Footprint (OEF). While the PEF is applicable to all products, the Commission has stipulated that the European Food Sustainable Consumption and Production Round Table's (Food SCP RT) ENVIFOOD Protocol¹ shall be used as complementary guidance to its own PEF/OEF guidance when applying the PEF or OEF to food and drink products. The ENVIFOOD Protocol was published by the Food SCP RT in 2013 to develop a more consistent basis for assessing and communicating performance, within supply chains and to consumers.

The PEF is a multi-criteria assessment of the environmental performance of a good or service throughout its life cycle. A series of pilot tests were carried out between 2013 and 2017 to develop category-specific product methodology requirements in so-called Product Environmental Footprint Category Rules (PEFCRs). Half of the European Commission's PEF pilot tests were carried out by food and drink manufacturers, out of which six were FoodDrinkEurope members. The European Commission's objectives are to test the process for developing product specific rules, to test different approaches to verification and to test communication vehicles for communicating life cycle environmental performance to business partners, consumers and other company stakeholders.

The pilot projects are scheduled to end in December 2017. The European Commission will then start policy discussions in 2018 in the framework of the Integrated Product Policy/Sustainable Consumption and Production (IPP/SCP) expert group and more technical discussions will continue in the Technical Advisory Board of the PEF. The Commission has also proposed that some form of transition will be implemented between 2018 and 2020. At this stage, it is unclear how the PEF results will be embedded in EU policies, such as environmental labelling and claims.

OBJECTIVES AND TARGET AUDIENCE OF THIS REPORT

This report summarises the food and drink sector's key learnings at the current stage of the PEF process. FoodDrinkEurope has carried out a survey among its members, including those who participated in the PEF pilot tests and for those who did not.

Twelve responses were received, out of which four were from national food and drink associations, five from food and drink companies and three from associations representing sub-sectors of the food and drink industry. FoodDrinkEurope also held a focus group to gather the views of the members who participated in the PEF pilot tests.

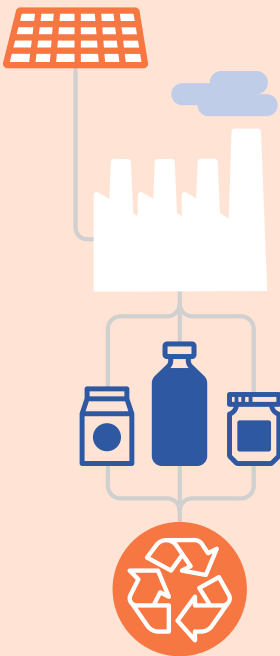
A series of pilot tests were carried out between 2013 and 2017 to develop category-specific product methodology requirements in so-called Product Environmental Footprint Category Rules (PEFCRs).

¹ Food SCP RT (2013), ENVIFOOD Protocol, Environmental Assessment of Food and Drink Protocol, European Food Sustainable Consumption and Production Round Table (SCP RT), Working Group 1, Brussels, Belgium – http://www.food-scp.eu/files/ENVIFOOD_Protocol_Vers_1.0.pdf

This document aims to reflect on the food and drink industry's experiences, and to provide insights and lessons learnt during the PEF process in the context of the continuous evolution of environmental footprinting both in terms of policy and practical use. This report is intended for policymakers, as well as food and drink companies. The annexes are intended to provide additional technical and policy background for the audiences that are not familiar with the PEF process.

KEY FINDINGS

The following is a top-line summary of our key findings. These are developed in more detail in the body of the report and more detailed key learnings are highlighted after each section.



- Participating in the PEF pilot tests has been beneficial. Nonetheless, some of the respondents who participated in the pilot tests believe that the methodology and databases still need further development. The pilot testing process, if repeated in the future, could also be improved.
- PEF can help drive environmental improvement internally and in business-to-business relations. At this stage, there are challenges in using PEF to communicate with consumers.
- Pilot tests were required to develop an average environmental performance of the representative product sold in the EU market, a so-called “benchmark”. The benchmark approach remains a contentious issue for many of the food and drink pilot tests. Many participants to the pilot tests consider that the results of one pilot test or subcategory/product group are not comparable to another one, and some participants to the pilot tests consider that the benchmarks are not appropriate for their product group. There are many issues that will need to be resolved regarding the benchmark approach in order for the PEF methodology to be applicable and meaningful for food and drink products.
- As a voluntary initiative, a constructive partnership between the Commission and the private sector will be necessary for approving future PEFCRs and updating existing ones to ensure support from industry. The transition phase of the governance of the PEFCRs needs to be clear.
- Setting clear rules and procedures in the beginning and sticking to them would help PEFCR developers avoid unexpected costs. The same rules should apply for new PEFCRs as for PEFCRs developed through the pilot phase.

POLICY RECOMMENDATIONS

From 2018 to 2020, the European Commission will assess whether the methods, product and sector performance benchmarks and incentives were successful so that they may be integrated into existing or new instruments to improve the environmental performance of products on the EU market. The IPP/SCP group will act as an advisory body for the Commission in this regard.

As the EF pilot phase comes to an end and the Commission's evaluation of future policy options begins, FoodDrinkEurope would like to provide the following recommendations moving forward:

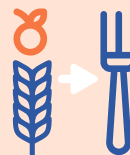
— We would recommend a **harmonised policy framework based on the PEF that is supported by industry**. The policy framework should ensure that the use of PEF should be **voluntary**.



— The policy framework should be **flexible**. The variety and complexity of food and drink products imply both significant initial costs and ongoing expenditure to perform environmental footprinting, particularly when products are reformulated and new products are developed. A flexible policy which would allow companies to decide what is most appropriate for their individual circumstances would be advisable.



— In order to ensure consistency and comparability of results, the policy framework should apply **life-cycle thinking** from (even pre-) farm to fork/glass and beyond for food and drink products, with a view to enhance environmental performance along all food chain stages, including the consumption stage.

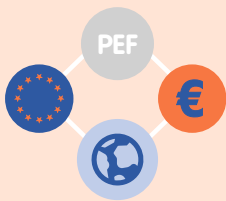


— The policy framework should support the use of PEF as a **diagnostic tool for identifying hotspots and promoting continuous improvement**. PEF is not yet sufficiently developed to be used to compare one food product against another as it impedes a level playing field amongst products.



— Given the importance of the food and drink sector for the European economy, its strong involvement in the PEF pilot tests – accounting for around half of the tests – and the environmental specificities existing within this broad sector, any policy discussions must continue to **engage the PEF food and drink pilots in a public-private partnership**.





— The policy framework should help enhance Europe’s **international competitiveness**. Food and drink production operates within global supply chains. The policy framework must also improve the operation of the Single Market and should not constitute a distortion of competition or an unjustifiable obstacle to the proper functioning of the Single Market or to international trade agreements.



— The policy framework should always take into account and promote **innovation** to improve the performance of products, including their environmental performance along the life-cycle.



— The communication of any results to consumers or other stakeholders should remain **voluntary and off-pack**. It is vital that the information provided is verifiable, credible, scientifically reliable, comprehensive, clear, not misleading, and transparent, particularly in the absence of a PEFCR.



— In terms of communication vehicles, given the high diversity of food and drink products and actors along the food chain, operators should be able to use the **means and format of communication that is the most suitable and effective** to support informed choice by the recipient of the information, including the use of digital technologies.



— The PEF must be **feasible for small and medium sized enterprises (SMEs)** to use. For instance, due to a lack of resources, SMEs might be consequently disadvantaged.

1. EXPERIENCES WITH THE PRODUCT ENVIRONMENTAL FOOTPRINT PILOT PROCESS TO DATE

The European Commission noted that there are many products on the market making environmental claims. In addition, food business operators observed many claims and methodologies being used, which are often only related to greenhouse gas emissions, and they wanted to support the development of a harmonised methodology for environmental information more broadly, which would be assessed in a harmonised way.



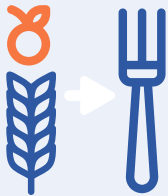
The main goal of the food and drink companies who decided to engage in the PEF pilot tests was to establish common rules in order to assess the environmental footprint of their products at European level.

Participating in the PEF pilot tests has been beneficial.

Food and drink companies who participated in the PEF pilot tests have further practiced how to identify representative environmental impacts, to identify a subcategory benchmark, and to collaborate with upstream and downstream value chain experts, such as transport and packaging material producers. Some participants to the pilot tests found it relevant to reach a technical alignment on definitions and a benchmark. Other participants found it beneficial to collaborate with other experts and pilot tests on the selection of databases and to exchange views with them.

Nonetheless, some of the respondents who participated in the pilot tests believe that the methodology and databases still need further development.

Some participants to the pilot tests consider that the PEF can help food and drink companies to identify hotspots, assess the environmental performance of a product, identify environmental trade-offs, drive environmental improvement and compare the environmental performance of the same product over time. For some participants, the goal was to develop a solid methodology to improve the design of their products and to communicate their life cycle environmental performance in a credible way. These participants to the pilot tests consider that sound and reliable databases and readily available product evaluations are a prerequisite to achieve the above goals, but further important efforts still have to be made to reach them. Some participants also felt that the relevance of impact categories needs to be improved. There are also some remaining questions concerning the benchmark definition (whether it should be the European average or country-specific), and the sub-category reassessment (whether the sub-category definition should be large or narrow). There is also the question of how to integrate the modifications proposed by the ongoing remodelling exercise by each technical secretariat.



The pilot testing process, if repeated in the future, could also be improved.

A key challenge for the food and drink pilot tests was the frequent changes of rules and guidance, which created uncertainty and delays. Some participants to the pilot tests also noted that discussions faced political blockages, which delayed the process and created uncertainty on the approach and modalities of the methodology (such as on economic allocation for the slaughterhouse part for the livestock-related pilot tests, despite a consensus at technical level). Participants also mentioned that the Commission should have taken a stronger stance in those circumstances to resolve the political blockages more quickly.

On the other hand, several participants believed that the Commission took too strong of a stance in other circumstances. Pilot participants felt their concerns about the benchmark and transition phase of the governance of the PEFCRs were not adequately taken into account.

Some participants observed that there was no collaboration between Member States and the private sector, and there was a fluctuating level of collaboration between the Commission and private actors.

In addition, participants to the pilot tests found it difficult to find the relevant expertise and to face all their representation duties. Some technical secretariats feel and felt overwhelmed at times by the number of actions and tasks requested by the Commission services.

KEY LEARNINGS FROM THE FOOD AND DRINK PRODUCT ENVIRONMENTAL FOOTPRINT PILOT PROCESS

— Why organisations engaged in the PEF pilot tests?

- To work towards the establishment of a globally harmonised, robust methodology for environmental life-cycle assessment for their product group at European level that could be used to improve the design of products and to communicate the product's life cycle environmental performance in a credible way along the chain

— What did the organisations learn from participating in the PEF pilot tests?

- To identify representative environmental impacts
- To establish a subcategory benchmark
- To enhance collaboration upstream and downstream, e.g. when gathering data (and it is only a start)

— Benefits of participating in the pilot tests:

- Clarification of representative environmental impacts
- Technical alignment on definitions and a benchmark
- Selection of databases with all experts and with other pilot tests
- Exchanges within the pilot test and with other pilots tests

— Challenges when participating in PEF pilot tests:

- Frequent changes of the rules, guidance and timeline
- Uncertainty due to delays in resolving political discussions on technical and political issues
- Misleading sub-category benchmarks confuse consumer by impeding a level playing field
- More time and resources were required than initially foreseen
- Lack of collaboration between Member States and the private sector, and a fluctuating level of collaboration between the Commission and private actors
- Food and drink participants to the pilot tests concerns about some technical aspects were not adequately taken into account, such as the benchmark approach
- Finding relevant expertise and resources
- Extensive costs required to fulfil the process requirements

— Advantages of using the PEF:

- Identification of hotspots or confirm hotspot knowledge with harmonised methodology
- Assessment of the environmental performance of a product
- Identification of environmental trade-offs
- Driving of environmental improvement
- Comparing the environmental performance of a product over time
- The possibility of a harmonised reference for brand environmental claims and marketing once the PEF is improved and validated

— Challenges of using the PEF:

- Lack of primary data
- Partly imperfect secondary datasets

2. KEY LEARNINGS OF THE APPLICATION OF THE PRODUCT ENVIRONMENTAL FOOTPRINT METHODOLOGY

PEF can help drive environmental improvement internally and in business-to-business relations.

For those who participated in the food and drink pilot tests, the main advantages of using the PEF as a food and drink manufacturer include the ability to compare the environmental performance of a product over time, to identify hotspots and to drive environmental improvement. They also see advantages in using PEF in the context of business-to-business relations, evaluating and fostering improvement in suppliers' environmental performance, and allowing for harmonised business-to-business reporting.

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In addition, respondents to the survey mentioned some challenges in using the PEF and areas for future development. Challenges in using PEF as a food and drink manufacturer include the interpretation of the results, and incomplete or outdated data especially for some ingredients, some countries, and from smallholders. There are also concerns about potential unfair supply chain relations and that using PEF is resource-intensive. Sound, reliable and freely available databases and relevant impact categories are a prerequisite for it to be used. Primary and secondary data of good quality from farm level, not only in Europe but also globally, is seen as a key improvement area, however, a significant amount of work still needs to be done.

Benchmarks remain a contentious issue for many of the food and drink pilot tests for different reasons.

In the context of PEF, the term 'benchmark' refers to the average environmental performance of the representative product sold in the EU market. It was mandatory for the PEF pilot tests to define a benchmark. A benchmark may eventually be used, if appropriate, in the context of communicating environmental performance of a product belonging to the same category. However, meaningful comparisons can only be made when products can fulfil the same function. The functional unit is the quantified performance of a product system to be used as a reference unit.

Therefore, the functional unit of a PEFCR describes qualitatively and quantitatively the function and duration of the product. However, for the food and drink pilot tests the definitions of the functional unit and benchmarks differ from one pilot test (or one subcategory/product group of a same pilot test) to another so it is not meaningful to compare the results of one pilot test or subcategory/product group to another one. Moreover, it impedes a level playing field and would mislead consumers in their purchasing decisions. There are also concerns about how the benchmarks and pilot tests' results will be used by the Commission.

In addition, participants to the pilot tests cite technical reasons for their doubts about the benchmark approach. For instance, some participants say that questions remain concerning how the benchmark is defined. For others, the benchmark approach is not appropriate for their product group, such as products whose footprint is mainly influenced by local energy use. Some were also concerned that there may be a discrepancy between the technical conclusions on the weighting of impact categories and the issues that consumers are interested in.

These issues will need to be resolved in order for the PEF methodology to be applicable and meaningful for food and drink products.

At this stage, there are challenges in using PEF to communicate with consumers.

There are many challenges in communicating environmental (or even wider social and economic) information to consumers about food and drink products. Consumers spend little time considering the purchase of food, thus limiting the time for their uptake of environmental information. The complexity of providing verifiable, meaningful, reliable and non-misleading environmental information to consumers, as well as additional information about food and drink products that is either required by law or voluntarily provided, needs to be balanced with the risk of information overload and the fact that consumers are, in most cases, under time-pressure when making decisions (as per the Food SCP RT Principles² and PEF Guidance³).

Nonetheless, an increasing number of food and drink companies have recognised environmental sustainability as being an important issue to address. They have introduced a wide range of voluntary initiatives to improve the environmental performance of their products and to inform consumers through various channels and formats. An advantage of using specifically the PEF, which is a complex methodology, in the context of business-to-consumer communication is that it is a concrete or measurable way of showing consumers the manufacturer's commitment to environmental sustainability. However, at this stage and for the reasons explained above about data gaps and concerns about the benchmark approach, it is felt that the PEF does not allow for fair product comparison and risks misleading and confusing consumers, particularly if it is done in an overly simplistic way. In fact, examples of misunderstanding of environmental information by consumers exist. For instance, communication testing inside the PEF pilot phase showed quite varying results and a specific testing is being done in France at the moment, to also examine this.

PEF does not allow for fair product comparison and risks misleading and confusing consumers, particularly if it is done in an overly simplistic way.

² European Food SCP Round Table (2010) Voluntary environmental assessment and communication of environmental information along the food chain, including to consumers. http://www.food-scp.eu/files/Guiding_Principles.pdf

³ European Commission. Background document for the testing of communication vehicles in the environmental footprint pilot phase 2013-2016 version 1.1, http://ec.europa.eu/environment/eussd/smgp/pdf/Comm_bgdoc_v1.1.pdf

Therefore, communication based on PEF should be voluntary and off-pack, where specific, contextual information and substantiation can be provided in order to help consumers make informed choices. The flexibility to determine the format and channel is crucial given the complexity and diversity of the food supply chain. Due to space constraints and the lack of flexibility in its use, the packaging of food and drink products is less suitable for communicating environmental information, which needs a large amount of contextual information to ensure scientific reliability and avoid misleading the consumer. Communicating environmental information is complex and often cannot be distilled to simple claims or visual icons. Consumers would also need to be sensitised and educated about the information in order to make proper use of it.

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KEY LEARNINGS ON THE APPLICATION OF PEF AND ITS READINESS TO BE USED

— Advantages in using PEF:

- Helps to compare the environmental performance of the same product over time.
- Helps to identify or further confirm hotspots.
- Helps to drive environmental improvement.
- Helps to evaluate and foster improvement in suppliers' environmental performance.
- If ready, can allow for harmonised business-to-business reporting on environmental performance.
- Shows the manufacturer's commitment to environmental sustainability.

— Areas to further develop to allow for credible and successful use of PEF:

- Availability of secondary datasets and relevance of impact categories need to be improved to ensure the availability of clear, reliable and comparable information on the environmental performance of products, the robustness of data, and reliability of databases.
- Important questions need to be resolved concerning the benchmark approach.
- The PEF must be feasible for small and medium sized enterprises (SMEs) to use. For instance, due to a lack of resources in comparison to big companies, SMEs might be limited in the data they can use and may consequently be disadvantaged.

— Considerations regarding communication:

- Communication based on the PEF should be voluntary, off-pack, and the format and channel should be flexible due to the complexity of the information and the diversity of food and drink products.
- Legislation should ensure that communication based on the PEF complies with the key principles of being scientifically, verifiable reliable, non-misleading and easily understandable to support informed choice.

3. RECOMMENDATIONS FOR APPROVING FUTURE PRODUCT ENVIRONMENTAL FOOTPRINTING CATEGORY RULES AND UPDATING EXISTING ONES

To obtain the buy-in from the private sector to invest significant resources into developing PEFCRs, businesses must have a stake in the ownership of the process. A further in-depth public-private cooperation – that may go as far as a partnership – will therefore be needed.

The transition phase of the governance of the PEFCRs needs to be clear.

The PEFCRs that have been developed during the pilot phase will need to be updated eventually as the pilot tests are only valid until around 2022. The industry sectors that have invested resources and expertise into developing the PEFCRs wish to maintain ownership of the PEFCR and its future updates. This is particularly important when competitive issues arise, such as establishing and updating the benchmark.

Developing new PEFCRs in the future can lead to possible disputes among food chain partners. It will be important to further ensure the future alignment between the body taking technical decisions (Technical Advisory Board) and the body taking political decisions (Commission's IPP/ SCP Expert Group, as mentioned above/ below) in order to reach a compromise between the political and technical level, when needed. Technical advice should be acknowledged by the political body.

Setting clear rules and procedures in the beginning and sticking to them would help PEFCR developers avoid unexpected costs.

Food and drink pilot tests found that there was a frequent change of rules and timing during the PEFCR development process, and a lack of coordination with other actors, such as Member States. For instance, unforeseen costs were allocated to Technical Secretariats, such as third-party peer review. In addition, the Commission's initial planning with a deadline to conclude the pilot tests by Q4 2016 was not respected. These changes increased the resources necessary to develop the PEFCRs. Some participants to the food and drink pilot tests estimate that the resources needed to develop new PEFCRs within the current framework would be around €500k, 200-400 days of labour, and would require 6-20 employees working either full- or part-time on PEFCR development.

As a voluntary initiative, a constructive partnership between the Commission and the private sector will be necessary for approving future PEFCRs and updating existing ones to ensure support from industry.

Additionally, individual businesses would need to meet the cost of assessing their own SKUs along with associated third-party verification costs. The costs for consultancy and verification and the internal resources required may represent a burden for medium-sized enterprises and a high barrier for small enterprises.

The same rules should apply for new PEFCRs as for PEFCRs developed through the pilot phase.

In order to ensure there is a level playing field between the PEFCRs developed during the pilot phase and PEFCRs that are developed afterwards, the same rules should be applied. Specifically, before being able to make a claim or communication based on PEF, first there should be an approved PEFCR for the product group.

RECOMMENDATIONS FOR THE FUTURE DEVELOPMENT OF PEFCRS:

— Governance:

- The Commission should ensure the private actors that have already developed PEFCRs have a voice in the governance structure when their PEFCRs are updated and approved. For instance, the industry sector that develops the PEFCR should be able to maintain ownership of the PEFCR and its future updates, as well as bringing in its experience and assuring the use of the work done in the wider political context will be in line with the PEFCR and prevent contradictions.
- The Commission should facilitate alignment between the EU bodies making technical decisions and political decisions, ensuring that the advice from the technical body is acknowledged by the body making political decisions.

— Resources:

- The Commission should establish clear rules and procedures for developing PEFCRs that remain fixed over time.
- The Commission should provide helpdesk assistance for future PEFCR developers.



ANNEXES



ANNEX 1: GLOSSARY

| | |
|-----------------------|--|
| B2B | Business-to-business |
| B2C | Business-to-consumer |
| CO₂ | Carbon dioxide |
| EF | Environmental Footprint |
| Food SCP RT | European Food Sustainable Consumption and Production Round Table |
| ISO | International Standards Organisation |
| LCA | Life Cycle Assessment |
| LCI | Life Cycle Inventory |
| OEF | Organisation Environmental Footprint |
| OEFSR | Organisation Environmental Footprint Sector Rule |
| PCR | Product Category Rule |
| PEF | Product Environmental Footprint |
| PEFCR | Product Environmental Footprint Category Rule |
| SCP | Sustainable Production and Consumption |
| SKU | Stock Keeping Unit |

ANNEX 2: POLICY CONTEXT

IMPROVING THE SUSTAINABILITY OF EU CONSUMPTION AND PRODUCTION

The consumption and production of goods and services in the European Union is one of the major drivers of global resource use – and associated environmental impacts. Household consumption plays a key role in the sustainability challenges that we face, as consumers' behaviour – including purchasing decisions – has a significant impact on the environment. Research outcomes identify the following three areas of consumption as having the greatest environmental impact in Europe, based on a life cycle assessment (LCA): housing, food and drink, and private transport⁴. Together they are responsible for 70 to 80% of the environmental impact of consumption.

WHY ARE LIFE CYCLE ASSESSMENTS SO IMPORTANT FOR THE FOOD AND DRINK INDUSTRY?

A life cycle assessment (LCA) helps to understand the environmental impacts of individual products, particularly how they impact the air, water, and land across all the stages of the value chain: from the production of agricultural inputs, farming, processing, transport and storage on the production side; to shopping, cleaning, cooking, home storage and recycling behaviour. Improving environmental performance is critical to achieving a more secure and sustainable food and drink production system. However, the variety of LCA approaches currently in use can make it difficult to assess the relative resource efficiency of different supply chains and product types or to achieve consensus on where change is needed.

TOWARDS A HARMONISED LIFE CYCLE ASSESSMENT METHODOLOGY

The Food SCP Round Table's ENVIFOOD Protocol provides a more consistent basis for assessing and communicating performance, within supply chains and to consumers. At the outset of this work, it was recognised that certain guiding principles needed to be established to ensure fitness for purpose and to avoid disproportionate burden. A set of principles was adopted and published by the Food SCP RT in 2010 and covered issues such as clarity, cost, scientific integrity and ease of use and understanding.

In parallel, the European Commission's 2013 Communication 'Building the Single Market for Green Products' proposed two EU-wide methods for environmental footprinting – the Product Environmental Footprint and the Organisation Environmental Footprint.

The goal of the PEF/OEF methodology has the potential to deliver important benefits for industry and consumers, including harmonised standards that would boost consumer trust in environmental claims, creating a level playing field, with the ultimate objective of overcoming fragmentation of the internal market.

The PEF was conceived after the European Commission concluded a study on Product Carbon Footprint methods in 2010⁵. After analysing existing methodologies, the study found that focusing solely on carbon emissions is problematic for many product categories because it would ignore other environmental impacts. As a result, the Commission published guidelines⁶ with the goal of developing a general harmonised footprinting methodology that accommodates environmental performance criteria.

4 European Commission (2006). *Environmental Impact of Products (EIPRO)*. European Commission.

5 European Commission (2010) *Product Carbon Footprinting – a study on methodologies and initiatives*, July. Carried out by Ernst & Young France and Quantis, http://ec.europa.eu/environment/eusds/smgp/pdf/Product_Carbon_Footprint_study.pdf

6 European Commission Joint Research Centre (2012) *Product Environmental Footprint Guide*.

PRODUCT ENVIRONMENTAL FOOTPRINT CATEGORY RULES

Building on the general methodology, the Commission wanted to develop more specific rules for products and organisations by launching pilot tests to develop Product Environmental Footprint Category Rules (PEFCR) and Organisation Environmental Footprint Sector Rules (OEFSRs) that provide guidance for specific product categories and organisations.

PEFCRs were developed by the stakeholders in a sector during a three-year process in a so-called “pilot phase” that was extended an additional year (2013-2017). The European Commission’s aim for the development of PEFCRs was to increase both the consistency and reproducibility of PEF studies by setting clear performance benchmarks, monitoring communication between businesses and consumers, and promoting strong compliance and verification systems.

Half of the European Commission’s PEF pilot tests were carried out by the food and drink industry. Food and drink products are unique because their environmental performance is often influenced by biological processes of agricultural ingredients and by high uncertainty and factors that are outside of the manufacturer’s direct control, such as yields.

When considering how to apply PEF to EU policy, the following factors should be taken into account in relation to food and drinks:

- the representativeness of the food and drink industry in the PEF pilot tests
- the food and drink industry’s contribution to the European economy
- the food and drink industry’s role in providing safe and affordable food as part of a balanced diet
- the food and drink industry’s initiatives on environmental footprinting
- the inherent natural variability of raw materials
- the availability and quality of data
- the allocation and system boundary issues in complex supply chains

NEXT STEPS

The pilot tests are scheduled to end in December 2017. The European Commission will then start policy discussions in 2018 in the framework of the Integrated Product Policy/Sustainable Consumption and Production (IPP/SCP) expert group and more technical discussions will continue in the Technical Advisory Board of the PEF. The IPP/SCP Group was created in 2004 to assist the Commission in developing and implementing its IPP/SCP policies as well as monitoring progress in EU Member States. More recently the group is also discussing policies/activities related to Circular Economy and as of January 2018 will also be the forum to discuss issues related to Environmental Footprint, with reference to the use of EF methods in EU Member States and in private initiatives.

Members of this group include the European Commission, representatives of EU Member States, and organisations such as BusinessEurope, UEAPME (representing SMEs), EuroCommerce, BEUC (representing consumers), CEN (European Committee for Standardisation), ETUC (The European Trade Union Confederation), ERRT (European Retail Round Table), EuroChambers, and some NGOs (EEB, IEEP, ECOS). Furthermore, due to the future discussions on the EF methods, the group will be extended by an additional eight cluster seats, out of which two will be dedicated to food and beverages.

The Commission has proposed that some form of transition will be implemented from 2018 to 2020.

ANNEX 3: THE ENVIRONMENTAL FOOTPRINT PILOT PHASE MAIN STEPS

The EF pilot tests included the following main steps:

- **Analysis of existing product category rules (PCRs) and/or sectoral guidance:** PCRs are a set of specific rules, requirements and guidelines for developing Type III environmental declarations⁷ for one or more product categories (ISO 14025:2006).
- **Consultation on scope and representative product/organisation:** A representative product may or may not be a real product that one can buy on the EU market. The representative product can be a virtual (non-existing) product built, for example, from the average EU sales-weighted characteristics of all related products. A PEFCR may include more than one representative product if appropriate. The assessment is based on a benchmark, which is a standard or point of reference against which any comparison can be made.
- **Benchmark:** In the context of PEF, the term 'benchmark' refers to the average environmental performance of the representative product sold in the EU market. It was mandatory for the PEF pilot tests to develop a benchmark. A benchmark may eventually be used, if appropriate, in the context of communicating environmental performance of a product belonging to the same category. However, meaningful comparisons can only be made when products can fulfil the same function. The functional unit is the quantified performance of a product system to be used as a reference unit. Therefore, the functional unit of a PEFCR describes qualitatively and quantitatively the function and duration of the product.
- **Screening:** The PEF screening is a preliminary study carried out on the representative product(s), which consisted on a intended to identify the most relevant life cycle stages, processes, impact categories and data quality needs. It leads to the identification of hotspots, most relevant impact categories, life cycle stages, processes, and elementary flows. It also helps to derive a preliminary indication about the definition of the benchmark for the product category/ sub-categories in scope.
- **Consultation on the first draft PEFCR/OEFSR:** The draft PEFCRs and draft OEFSRs are prepared based on the results of the screenings. They are the "recipe" for calculating the environmental footprint for the product or sector. An online consultation was held and pilot tests produced a second draft based on the results.
- **Approval of the second draft PEFCR/OEFSR:** This draft PEFCR has been redrafted following the first public consultation and it includes a preliminary indication of 3-4 communication vehicles that the pilot test judges to be appropriate for the product or sector.
- **Supporting studies:** These studies calculate the environmental footprint for at least three products or companies based on the second draft PEFCR/ OEFSR. The results of this exercise are the basis for the communication phase and for the testing of verification approaches.
- **Testing communication vehicles:** Communication vehicles are any means conveying life cycle environmental performance information to actors all along the chain (B2B) or to consumers (B2C). The aim is to improve the environmental footprint of a product and to test which communication vehicles work. For example, communication vehicles may include websites, apps, barcodes, on-shelf information, newsletters, instruction manuals, product declarations, consumer receipts, printed information material, labels, campaigns, third party schemes, reports, sustainability rankings, etc. Communication vehicles are being tested by the pilot tests up until the end of the EF pilot tests. The outcome of the communication vehicle testing will officially not be part of the final PEFCR or the pilot phase.
- **Remodelling:** The European Commission bought new datasets and each pilot test recalculates its benchmark taking into account the new datasets and the PEFCRs are updated accordingly.
- **Consultation on final PEFCR/OEFSR:** The final PEFCR/OEFSR is based on the supporting studies. A four-week consultation will take place within the SC/TAB members. Also the final PEFCR/OEFCR will not be based on the communication phase but on the remodelling exercise.
- **Review by a review panel:** Each pilot test appoints a three-member review panel, including LCA experts, industry and NGOs. The panel's remarks will be taken into consideration for the final version of the documents.
- **Approval of final PEFCR/OEFSR:** The process will be finalised by 31 December 2017. Following the approval of the final PEFCR/OEFSR, they will be ready to be used by interested stakeholders.

⁷ ISO 14025:2006 establishes the principles and specifies the procedures for developing Type III environmental declaration programmes and Type III environmental declarations. Type III environmental declarations are quantitative, LCA-based claims of the environmental aspects of a certain good or service, e.g. quantitative information regarding potential environmental impacts. An environmental aspect is defined as an element of an organisation's activities or products that has or can have an impact on the environment.



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