

A Brief on the European Commission's Product Environmental Footprint Guide



The European Commission released the Product Environmental Footprint (PEF) Guide in April, 2013, along with the Organizational Environmental Footprint (OEF) Guide, under the premise of the “Single Market for Green Products Initiative.” The objective is to support a single metric for a single market, thus enhancing transparency and fair competition. The ultimate aim is to provide incentives to report and reduce environmental impacts. The release of the PEF Guide comes at a time when:

- Two-thirds of the world's ecosystems are in decline¹
- Biodiversity is being lost at 100 times the rate of natural extinction
- Widespread proliferation of national and sectorial initiatives for product footprinting utilize differing rules and standards
- Lack of common definition for what a green product is
- Unnecessary costs are accrued due to the need to comply with different sustainability standards and guides across different geographies and industry sectors
- Obstacles block the free movement of products marketed as green, across geographies
- Widespread consumer distrust in green claims is evident, but demand for greener products has not diminished
- Environmental and economic benefits of green products are proven and align with the principles of sustainable consumption and production.

The PEF Guide is part of the European Commission's Communication to the Council and the Parliament. The Communication also recommends member states and industry adopt the Guide. The Commission's actions are part of a larger recommendation toward sustainable consumption and production by the United Nations, and the Commission itself.

The PEF Guide was developed using a harmonized approach, building on existing Life Cycle Assessment (LCA)-based product claim standards, such as ISO 14025, PAS 2050, BP X30-323, GHG Protocol, etc., and LCA standards and guides, such as ISO 14040, ISO 14044, and ILCD Handbook.

The Position of this Footprinting Initiative

On the product level, the PEF comes as the third instrument, next to the European Union (EU) Ecolabel (EU-flower) and the Ecodesign Directive:

1. The ecolabel is in principle only awarded to the top 20% of products that perform best on sustainability criteria. The ecolabels are awarded after an LCA and a market study has been performed for a product group. An expert panel determines the number of product characteristics that need to be met in order to achieve a label. This system supports a Type 1 label, as defined in ISO 14024 (a multi-attribute label developed by a third party).
2. The ecodesign directive is currently only applicable on energy-using products. It sets minimum efficiency standards and stand-by energy requirements, or it requires producers to have an ecodesign dossier proving that sufficient efforts have been undertaken to achieve good sustainability performance. In practice, this standard means that the lowest 20% of the worst-performing products are banned from the EU market. The EU commission is currently investigating how the ecodesign directive can be made applicable for all product groups².

¹ CFC's UN (2012) UN Secretary-General's High-Level Panel on Global Sustainability report 'Resilient People, Resilient Planet: A future worth choosing'. Accessed May 01, 2013 from http://www.un.org/gsp/sites/default/files/attachments/GSP_Report_web_final.pdf

² PRé has been a subcontractor in a study for this purpose, we applied the energy using product rules on products such as leather jackets, floor tiles, cars, sausages, cars and textile

Having eliminated 20% of the worst and rewarded 20% of the best performing products (only energy based), PEF aims to be the policy tool to address the environmental impacts of the majority of products between these two categories. While the ecolabel and the ecodesign directive are fully implemented in national laws throughout the EU, the PEF will first be tested for three years in a pilot³. The plan is to invite proposals in two phases — three pilots in the first year, open to all product categories except food & beverage, and three pilots in the second year, mainly focused on food & beverage. Limitations in the pilots are attributed to budget and manpower constraints, as well as the current development of the EnviFood Protocol⁴.

After three years, an evaluation of the pilots will be made based on three main criteria:

- Is the guide workable? Can companies indeed deliver PEF/OEF compatible results with a reasonable effort?
- Can the results be verified as reliable? Verification is a major point of concern.
- Are results compatible for communicating in both B2B and B2C contexts? The EU has deliberately abstained from making recommendations on how the results shall be communicated, although it has developed some examples on how results *could* be communicated.

The Footprinting Methodology

The PEF and OEF methodologies are closely related to the ISO 14025 and other environmental footprint standards, but there are some specific and unique elements:

- For each product group a Product Category Rule (PCR) must be developed, and for each sector a Sector Rule must be developed. While these PCRs are similar to PCRs for Type III EPDs (per ISO 14025), the PEF and OEF rules have specific requirements called product environmental footprint category rule (PEFCR) and organization environmental footprint sector rules (OEF SR). This is a somewhat different approach from the product standard and corporate & corporate value chain (scope 3) standard developed by the GHG protocol, where product and sector-specific rules are not required. The EU provided a clear description of how these category and sector rules must be developed. The product specific rules were built on the global guidance for PCR development⁵ that was developed by stakeholders from 14 countries plus the EU, and is expected to be published in early June 2013.
- In the PEF/OEF standard, no less than 14 impact categories have been defined. These are based on an evaluation of the best impact assessment methods published in 2010⁶. While there is no obligation to use all the defined impact categories, the PEFCR or OEF SR does not provide sufficient explanation on which relevant impact categories and which to ignore. For B2C communication, the number of relevant impact categories can be reduced to just three, but only if “important aspects” are included.
- In ISO 14025 and most other environmental footprint standards, clear statements are made that product declarations are not meant to be used for comparative assertions (i.e. claims of overall superiority or equivalence of the environmental performance of one product over another). The PEF breaks from this trend, and explicitly states that one of the objectives of the PEF is to make comparative assertions of environmental performance, provided a PEFCR is used.
- A very important and unique concept is the development of a reference product in each product group. Ideally this reference product (which does not need to exist in the market) has the median impact scores of the product group. For example, 50% of the products in the product category should have impacts worse than the reference product, and 50% of the products in the same product category should have a better impact than the reference product. If this concept of a reference product turns out to be feasible during the pilot project, then it will be possible to communicate the impacts of a product relative to a reference product. The widespread use of EU energy labels, such as those for cars and electric appliances, with a label ranging from A to F, shows that consumers understand this approach much better than displaying a number indicating a particular impact (which is the case for most environmental product declarations).
- The EU has set of strict requirements to verify data and calculations, due to, in part, its ambitions to compare product impacts. This is a departure from classic LCA approaches that rely on the concept of reviewing the appropriateness of the methodology used, and not verifying the data itself. In the PEF & OEF, verification is much more intense, as the verifier must confirm the correctness of the data.

³ In 2012, the first version of the PEF and OEF was tested in another, smaller pilot, with ten PEF and ten OEF studies. PRé was the supporting consultant for the EU and evaluated all studies and made recommendations.

⁴ Developed in coordination with the European Commission. See <http://www.food-scp.eu/> for more information.

⁵ See www.pcrguidance.org; this project was a multi-stakeholder collaborative effort that was coordinated by Wes Ingwersen (US-EPA) and Vee Subramanian (PRé).

⁶ See <http://ict.jrc.ec.europa.eu/pdf-directory/ILCD-Handbook-LCIA-Background-analysis-online-12March2010.pdf>. PRé and the DTU in Copenhagen were the main contractors for this study.

In mid-2013, a call will be published to invite any company or any organization from around the globe to take part in the pilot. As previously mentioned, the only exception to the call is that it will not yet be open to food or beverage products, because of a complementary effort currently underway, led by the European Food roundtable. To take advantage of the roundtable efforts, food and beverage products have been delayed until phase 2, in mid-2014. The EU has strict requirements with regard to pilot company selection. When a group of companies in a product group want to apply, it must prove it has actively invited a representative group of companies, covering more than 80% of the EU market for that product category, and in the final consortium at least 51% of the market must be represented. This is important, especially, for the reference product selection, as a robust representation is imperative

Even though the EU will not provide financial support for conducting the pilots (though it will provide a technical helpdesk), it is expected that interest will be larger than the 6 pilots/product groups limit.

Why the Pilot could be Attractive

Companies and many other stakeholders are yearning for a well-established and broadly-accepted footprinting methodology. This need was evidenced by the attention and success of the GHG Protocol development. Additionally, EU footprinting is similar to sustainability assessments currently being conducted by both The Sustainability Consortium and the Sustainable Apparel Coalition. For the PEF, the EU will offer some free support (via a helpdesk) to develop such a standard in a particular product category. This system will provide proactive industry associations with the opportunity to road test the development of a product category rule, while also being able to influence and give feedback to the overall program structure. The EU is therefore worried that the demand will be larger than what it can handle. Interested industry associations and companies should be prepared to apply with a well-formulated, robust proposal if they wish to be chosen for the pilot study.

Additionally, while this program is European focused, many multi-national companies are choosing to track the developments of the PEF/OEF, even if they are not directly participating in the pilot or headquartered in Europe, because of the global nature of our economy. If the EC's program is successful, companies will need to understand the footprinting process and produce life cycle-based assessments of their products, and those that are prepared to respond will avoid falling behind the competition.

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PRé has led the way in the sustainability arena for more than two decades, contributing greatly to the field of product and supply chain sustainability. PRé is a leader and innovator in conducting comprehensive sustainability analyses founded on measurable and meaningful metrics.

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Please contact us
for further information:

The Netherlands
PRé Consultants bv
Printerweg 18
3821 AD Amersfoort
The Netherlands

Phone: +31 33 4540 4010
consultancy@pre-sustainability.com

United States
PRé North America Inc.
20 F Street NW
7th Floor
Washington, DC 20001
USA

Phone: +1 202 507 6231
PRéNA@pre-sustainability.com

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Would you like to discuss your sustainability challenges with us? Please call us at +31 33 4540 4010 or email consultancy@pre-sustainability.com. In the U.S., contact us at +1 202 507 6231 or via email at PRéNA@pre-sustainability.com.

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