Building a single market for green products – Environmental Footprint methods: outcomes of the pilot phase and the way forward

Michele Galatola
Environmental Footprint Team Leader
DG Environment – B1 – Sustainable Production, Products & Consumption
Which problems are we addressing?

Drivers

- Regulatory failure
- Market failure
- Behavioural biases

Problem

Proliferation of methods and labels related to environmental performance in the EU

Consequences

- Market actors cannot reliably identify better than average environmental performance

  - Distorted competition
  - Unexploited opportunities in the circular
  - Additional cost for business and public administrations
  - Lost opportunities for more efficient regulation
What are the consequences of the existing problems?

- Unfair competition

- Confusing claims
  - Obstacle in green private and public procurement
  - Obstacle in greening investment, insurance
  - Mistrust of consumers, obstacle in the growth of green markets

- Costs to companies that trade cross-border in the EU (and internationally) and that have to measure and communicate their environmental impacts in different ways for different markets.

- Environmental information not available along the supply chain in a consistent and harmonised way – unexploited opportunities in the circular economy
The pilot phase

Participants (27 pilots):

2024 individual stakeholders (5322 participations)

- large company: 23.32%
- sectoral: 13.88%
- research/academia: 17.05%
- SMEs: 11.66%
- consultancy: 13.88%
- public administration: 7.41%
- EU stakeholder organisation: 3.06%
- NGO: 3.66%
- individual citizen: 2.67%
- other: 2.37%
- other EU stakeholder organisation: 0.59%
- civil society organisation: 0.49%

267 leading stakeholders in the 23 active pilots

The EU market is behind the pilots:
73% of pilots have the majority of industry in the lead

Stakeholders in the world (● = leading stakeholders)
EF pilot phase

Batteries and accumulators
Decorative paints
Hot & cold water pipe systems
Liquid household detergents
IT equipment
Metal sheets
Non-leather shoes
Photovoltaic electricity generation
Stationary
Intermediate paper products
T-shirts
Uninterrupted power supplies
Retailer sector
Copper sector

Leather
Thermal insulation
Beer
Coffee
Fish
Dairy products
Feed
Meat
Pet food
Olive oil
Pasta
Wine
Packed water
The PEFCR provides the following information:

- The list of EF compliant impact categories covered
- The most relevant impact category / life cycle stages / processes / elementary flows
- The environmental profile of 0.75 litres packaged wine, sold in EU (benchmark for still wine and sparkling wine)
- List of mandatory company-specific data
- List of default datasets to be used + data needs requirements

<table>
<thead>
<tr>
<th>Process run by the company</th>
<th>Most relevant process</th>
<th>Other process</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Process run by the company</td>
<td>Use company-specific data and create a company-specific dataset DQR≤1.6</td>
<td>Use default secondary dataset DQR≤3.0</td>
</tr>
<tr>
<td>2. Process not run but with access to company-specific information</td>
<td>Use company-specific data and create a company-specific dataset DQR≤1.6</td>
<td>Use company-specific activity data for transport and electricity DQR≤3.0</td>
</tr>
<tr>
<td>3. Process not run by the company</td>
<td>Use a default secondary dataset DQR≤3.0</td>
<td>Use a default secondary dataset DQR≤4.0</td>
</tr>
</tbody>
</table>
**Improvements from the methodological perspective**

- How to define representative product/organisation
- Life Cycle Impact Assessment Methods
- Materiality principle (Hotspot procedure)
- Cut-off
- Climate change modelling
- Agricultural modelling
- Electricity modelling
- Transport modelling
- Infrastructure and equipment modelling
- Packaging modelling
- Use stage modelling
- End-of-Life modelling
- Data Quality Requirements
- Data Need Matrix
- Functional Unit
- Scope (granularity)
- Allocation
- Biodiversity
- Toxicity
- Normalisation
- Weighting
- Slaughterhouse modelling
- Classes of performance
## Verification phase

<table>
<thead>
<tr>
<th>Red audit</th>
<th>Blue audit</th>
<th>Green audit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Model and data verification</strong>&lt;br&gt; Data verification limited to data owned by company</td>
<td><strong>Model and data verification</strong>&lt;br&gt; Data verification limited to data owned by company</td>
<td><strong>Model and data verification</strong>&lt;br&gt; Data verification extended to data owned by suppliers</td>
</tr>
<tr>
<td><strong>Distance audit</strong></td>
<td><strong>Audit on site at the company</strong></td>
<td><strong>Audit on site at the company and remote or on site supplier audit</strong></td>
</tr>
<tr>
<td>In one day</td>
<td>In two days</td>
<td>In two days and half a day with suppliers</td>
</tr>
</tbody>
</table>
State of play

Spring 2017

Summer 2017

Ongoing

Remodelling exercise

European Benchmarks:

PEF profile Hotspots

Spring 2018
Deliverables of the pilot phase

- Two updated methods to carry out PEF and OEF studies
- A clear Guidance to develop PEFCRs and OEFSRs
- 21 PEFCRs and 2 OEFSRs covering a variety of sectors and products
- More than 70 models used to define the representative products available for free to any user
- Clear rules to perform PEF/OEF verifications
- About 8000 freely available secondary LCI datasets
- An open source IT tool to perform PEF/OEF calculations for 4 PEFCRs
- E-learning packages in different languages
- Information on the effectiveness of different communication vehicles tested by the pilots and by the Commission
EF-based information system

Would allow:

- To design better products improving their environmental performance
- To transfer environmental information in a more standardised way
- To address the whole consumption market
- To allow citizens to make informed choices
- To allow Member States to introduce incentives/disincentives linked to the environmental performance
- To allow policy makers to have a picture of the potential environmental impacts related to certain product groups/sectors, setting targets and environmental objectives
Status & next steps

Transition phase

- Finalise pilot
  - March 2018
  - PEFCRs/ OEFSRs: rules ready
  - Data & remodelling being finalised

Analyse results
  - April 2018

Policy proposal
  - Monitoring the voluntary implementation of PEFCRs/ OEFSRs
  - Development of PEFCRs/ OEFSRs
  - Methodological improvements
    - Toxicity-related impact categories
    - Resource use impact category

Policy in place