

# IFOAM's position on the PEF and the Directive on Green Claims

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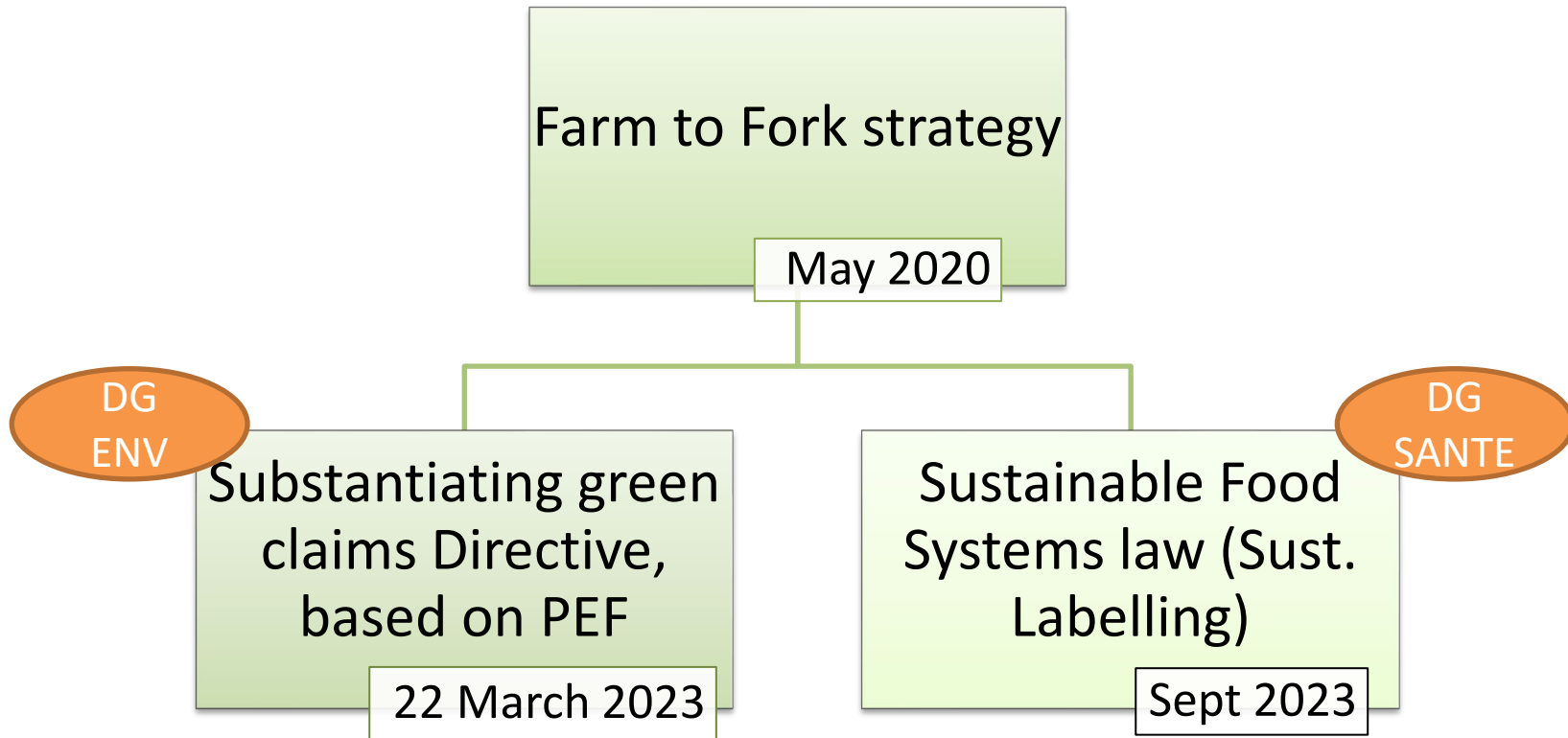


Retailers

## Position paper on sustainability labelling & the Planet-score

September 2022

# EU regulatory & political state of play



# Green claims: what is at stake?

- Welcome addressing greenwashing & sustainability labelling for coherent and truthful consumer information.
- Calculation method behind a sustainability label is a political decision. The Substantiating Green Claims Initiative was supposed to be a tool to measure a products' environmental footprint based on LCA methodology – the PEF.
- Green claims initiative could set precedent to sustainability labelling planned in the SFS law
- **Importance of policy coherence!**
  - Methodology underpinning green claims should support the vision of the F2F strategy
- **The PEF methodology is a strictly LCA-based methodology that cannot support the transition to sustainable food systems.**

# What is the Product Environmental Footprint (PEF)?

- The PEF analyses the environmental performance of an individual product throughout its life cycle == based on Life Cycle Assessment (LCA)
  - Assess, display and benchmark the environmental performance of products
- Aim: reduce the environmental impacts of goods taking into account supply chain activities
- 16 EF impact categories
- 17 consumer products involved (about half are food / drink):
  - Meat, coffee and marine fish discontinued

- |   |                             |
|---|-----------------------------|
| • liquid laundry detergents;                    | • bottled water;            |
| • decorative paints;                            | • coffee;                   |
| • footwear;                                     | • dairy;                    |
| • hot and cold water supply pipes for the home; | • marine fish;              |
| • photovoltaic panels;                          | • meat (beef, pig, sheep);  |
| • thermal insulation for roofs;                 | • olive oil;                |
| • t-shirts;                                     | • pasta;                    |
| • beer;   | • pet food for cats & dogs; |
|   | • wine.                     |

# Summary of the PEF limitations

- 1) Positive and negative externalities inadequately assessed in the PEF
- 2) Lack of robust indicators for several key environmental impacts (biodiversity, pesticides impacts, land degradation) and need to update them
- 3) Product-based approach : unable to have a holistic approach of agri-food systems

Technical [briefing](#), realized in collaboration with ITAB

# Methodological limitations of the LCA + PEF

## 1) Externalities inadequately reflected in the PEF

- PEF does not adequately consider **the many positive and negative externalities** of the agri-food system and tends therefore to favour intensive practices.
- Two of the most important issues in terms of the production methods fails to appear within the PEF methodology:
  - The impacts of agricultural practices on terrestrial and marine biodiversity are not well addressed → includes the question of the impact of pesticides on the soil, water and air : pesticides represent **only 3 to 4%** of the PEF scores of food products + does not consider **potential future impacts**.
  - **Positive externalities considered as “stable” do not appear at all within the PEF calculation** → LCA only considers annual flows. But these externalities are long-term practices which contribute to carbon sequestration eg: permanent grassland or soil cover practices.

# Methodological limitations of the LCA + PEF

## 1) Externalities inadequately reflected in the PEF

- **High risk of greenwashing:** companies can claim that GHG per kilo or liter is reduced for a certain product while the total emissions may have increased
- → What happened in the Dairy sector: emissions intensity decreased by 11% between 2005 – 2015 / overall dairy emissions increased by 18% in the same 10-year period.
- Inability of assessing different methods of production: therefore, the PEF can only compare inter-categories and not intra. Major shortcoming



# Methodological limitations of the LCA + PEF

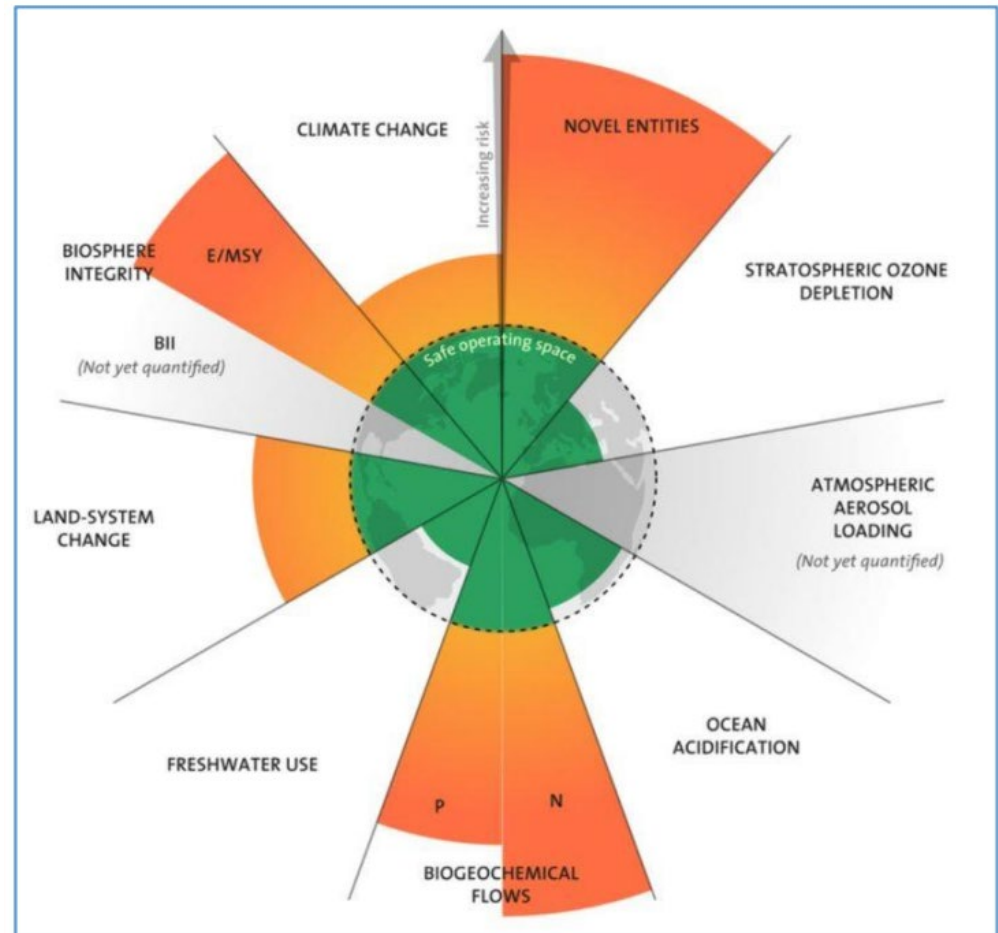
## 2) Lack of robustness of certain indicators and need to update them

- Among the 16 mid-point indicators of the PEF **several are qualified “non robust”** by the EC and subject to robustness factors which drastically reduce their weight in the assessments.
- Some LCA impact categories use obsolete data and some lack of explanation of the rationale behind some choices, the use of the Global Warming Potential (GWP) 100.
- There is **the need for an open debate and inclusive governance** in its methodology.

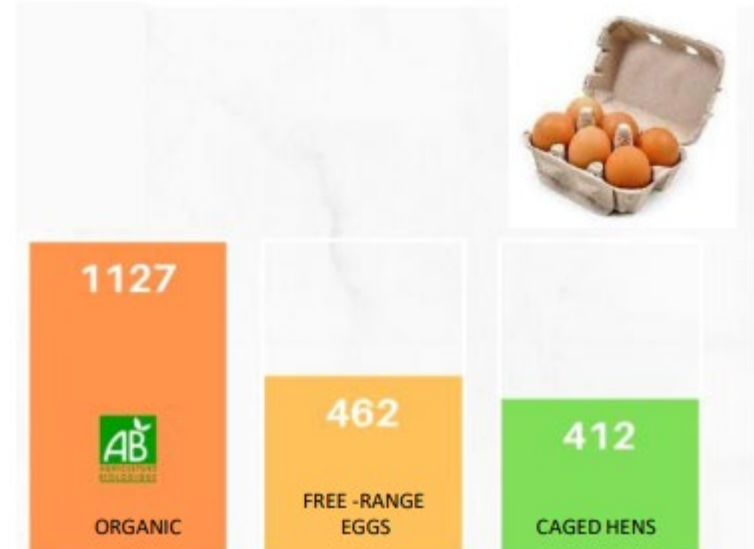
# Methodological limitations of the LCA + PEF

## 3) Product-based approach

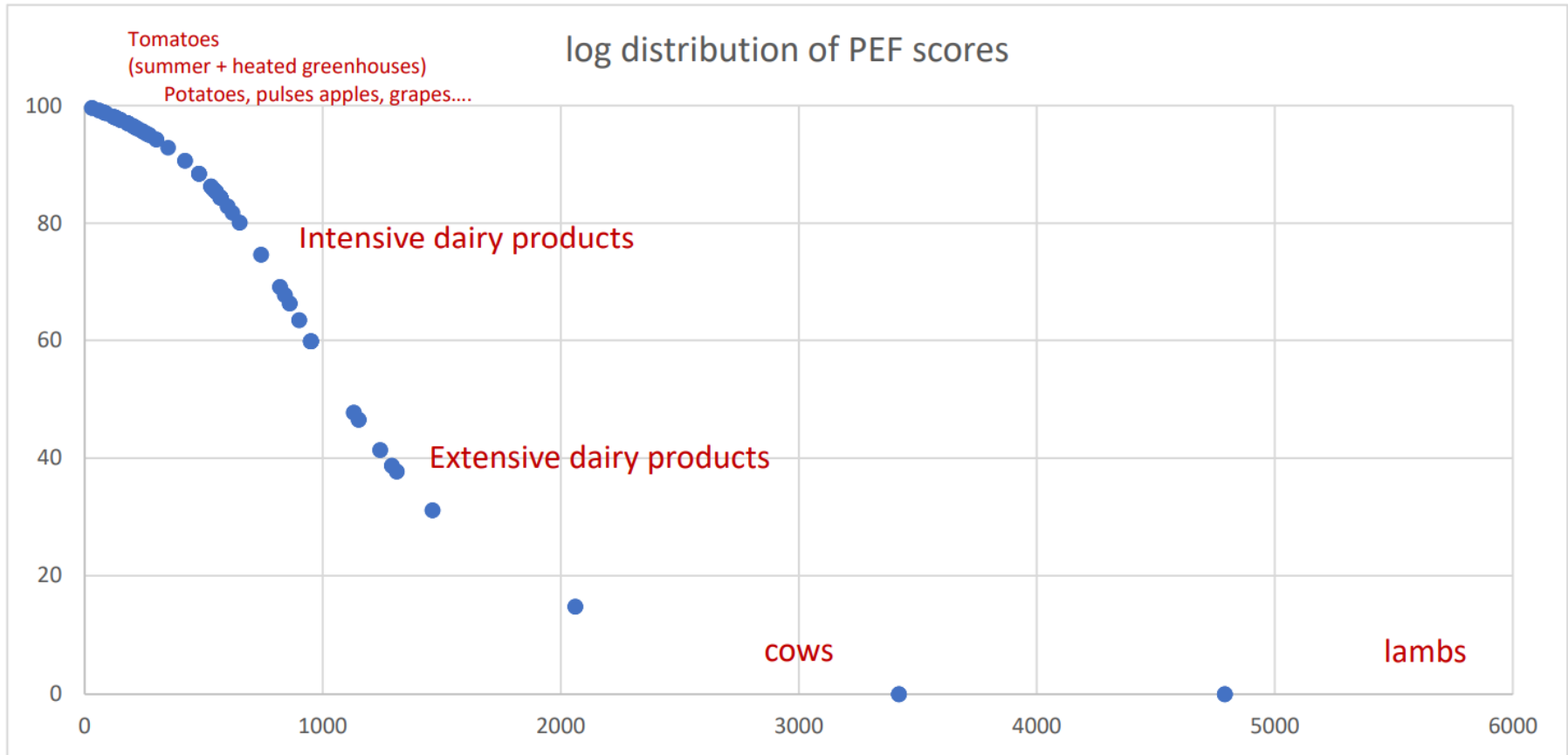
- The PEF is using a **product-based approach** == narrowly focuses on emissions per kilogram rather than holistically addressing the many env problems that the agri-food system contributes to



# LCA scores comparison between conventional and more extensive products (Lowest score = best score)



# Political signal sent for the consumption



# Least impactful

# Most impactful

Planet-Score

| PEF

| Eco-score

Planet-Score

| PEF

| Eco-score

Apples



A



A



Tofu



A



A



Eggs



A



à



A



Cooked ham



D



D



Chicken



B



B



Cow cheese



B



B



Beef



E



E



# The PEF: consequences on the organic market

- Because the methods of production and the externalities are not taken into account, **the organic products scores the worst in the PEF methodology** → lack of coherence with the F2F target of 25% organic farming
- Creates a **high-risk of confusion** for the consumers that recognize and trust the organic label as a proof of quality.
- **The PEF should not be mentioned as the reference methodology for the Green claims for biosourced products** (food and textiles); if mentioned, its limitations should be acknowledged, and it should be explicitly mentioned that the Life Cycle Assessment methodology does not evaluate adequately the environmental impact of biosourced products if some indicators are not properly reflected.

# Political visions behind the methodological choices

- As a tool for guiding consumer demand and supply, environmental labelling defines a vision of an agri-food system.
- **No indicator is neutral:** the vision for the future of agriculture underpinned by the choice of a calculation method behind a sustainability label should be explicitly acknowledged and democratically discussed → matter of political choice.
- Consistency in public policies & in line with F2F & biodiversity strategies
- [IDDRI report](#): LCA → sustainable intensification
- <https://www.iddri.org/en/publications-and-events/study/environmental-food-labelling-revealing-visions-build-political>

# Concerns voiced

- [Joint open letter](#) on concerns over PEF methodology for agri-food products (March 2022)
- “While we welcome and support the objective of fighting greenwashing, (...) the PEF as it currently stands is not suited for measuring the environmental performance of bio-based products”.



- Not only NGOs, but also researchers, companies, etc., in both the food and textile sectors.



# Concerns voiced at the political level

- Meeting with Timmermans Cabinet, Kyriakides Cabinet and Sinkevicius Cabinet to alert them on the danger of using a PEF based methodology on agri-food products
- Letter addressed with them with other NGOs and trade associations



- Coordinated actions with other actors from the conventional sector

# What happened on the 22<sup>nd</sup> of March ?

- The text has been proposed by the European Commission on the 22<sup>nd</sup> of March – available [here](#). Our Press Release is available [here](#).
- ➔ Our advocacy efforts lead to a minor part of the PEF and LCA in the Directive and the abandonment of the approach to use one standard methodology: *“the option of using one standard methodology to substantiate environmental claims was not pursued”*
- Along with a recognition that the PEF as it stand currently is not fit for assessing the environmental impact of agri-food products: *“As regards food and agricultural products, biodiversity and nature protection, as well as farming practices, including positive externalities of extensive farming and animal welfare, should, for example, also be integrated before the adoption of PEFCR could be considered.”*

# What happened on the 22<sup>nd</sup> of March ?

- The text has been proposed by the European Commission on the 22<sup>nd</sup> of March – available [here](#).
- Recognition of the benefits of organic farming: *“Recital 9: Within the context of the **European Green Deal**, the **Farm to Fork Strategy** and the **Biodiversity Strategy**, and in accordance with the target of achieving **25% of EU agricultural land under organic farming by 2030** and a significant increase in organic aquaculture and with the Action Plan on the Development of Organic Production (COM(2021) 141), **organic farming and organic production need to be developed further**. As regards Regulation (EU) 2018/848 of the European Parliament and of the Council, this Directive should not apply to environmental claims on organically certified products substantiated on the basis of that Regulation, related, for instance, to the use of pesticides, fertilisers and anti-microbials or, for instance, to positive impacts of organic farming on biodiversity, soil or water. It also has a positive impact on biodiversity, it creates jobs and attracts young farmers [...]. ”*

## What's next?

- Even if the PEF is not mentioned anymore in the Articles, the initiative still considers it: it is mentioned in the recitals, and the legislative financial statement, including the indicators of performance and the estimated financial impact of the proposal on appropriations
- Likely that DG SANTE is aiming to develop further PEF Category Rules to cover food and agricultural products with a revised methodology

# What's next?

- Co-decision process: the text will have to go through the European Parliament and the Council of the European Union.

- IFOAM OE will continue its advocacy effort to ensure that the PEF and more largely LCA-based methodologies are not used on agri-food products

→ Work with MEPs

→ Meetings with Permanent Representation in Brussels



Le Parlement européen



Le Conseil de l'UE