IFOAM Organic Europe's position paper on substantiating claims & the Product Environmental Footprint (PEF)

March 2021

IFOAM ORGANICS EUROPE
MAKING EUROPE MORE ORGANIC

Table of Contents

Table of Contents 1
1. Introduction 1
2. Current limitations of the Product Environmental Footprint (PEF) 1
2.1. Organic & the PEF 1
PEF fails to reflect many environmental and social benefits that are better demonstrated by other tools such as organic certification 1
Consumers trust and recognize the organic label & the need to avoid confusion 3
2.2. PEF Limitations beyond organic 4
Limitations of PECFRs 4
Transparency 4
Requirements for companies in general and SMEs in particular 4
3. Proposed role for the PEF 5

1. Introduction

IFOAM Organics Europe welcomes the Commission's initiative on the "Environmental performance of products & businesses – substantiating claims", as well as its work on the Product Environmental Footprint (PEF) as these initiatives aim to increase trustworthiness of environmental claims. Similarly, IFOAM Organics Europe welcomes that the Farm to Fork strategy stipulates that "the Commission will (…) examine ways to harmonise voluntary green claims". While we welcome that the European Commission is working towards increasing visibility of environmental impacts of production and consumption, we would like to raise some concerns regarding the methodology and current impact categories of the PEF. In light of these concerns, we conclude that the PEF at this stage is not a well-enough developed instrument when it comes to making environmental claims on a product or attaching a certain percentage to the environmental performance of a certain product. We therefore propose that the PEF may only be used on a voluntary basis as an internal tool for companies to evaluate and compare the environmental performance of their products, but should not be considered the only, or a tool for demonstrating performance at the B2C level.

2. Current limitations of the Product Environmental Footprint (PEF)

2.1. Organic & the PEF

PEF fails to reflect many environmental and social benefits that are better demonstrated by other tools such as organic certification

The roadmap presented by the Commission includes an impact assessment which will "analyse the interactions [of the PEF and OEF] with existing labels regulated at EU level" but seems to otherwise focus entirely on the PEF and OEF methods, without considering a substantiation of claims based on existing labels such as the organic label. Relying exclusively on the PEF and OEF methods for the substantiation of claims would not be a desirable outcome, as several concerns arise when looking more closely at the PEF method and the PEFCRs (Product Environmental Footprint Category Rules).

Organic agriculture has several environmental and social benefits that are not at all, or only barely, reflected in the impact categories of the PEF, including the following[1]:

[1] Data about biodiversity, soil fertility, and jobs: https://www.organicseurope.bio/library/?qterms=11. Data on carbon and emissions from the 2020 Soil Association report "what you can say when marketing organic". These data represent the average positive impact of organic farming. Naturally, the exact number or percentage will depend on the country, the climate etc.

- Biodiversity is essential to human life on Earth and organic practices result in 34% more biodiversity. This is particularly important in a time where only 23% of species and 16% of habitats are in good health in Europe and Central Asia[2],
- Organic farms show 40-60% less nitrogen leached and fewer ammonia emissions on organic farms. This leads to cleaner air and water, which in turn sustain ecosystems and public health. Similarly, synthetic pesticides and fertiliser are not used in organic, preserving our waters, our soil, and our health[3].
- Organic farms have 16 cm more topsoil, which leads to a more fertile and productive soil richer in organic matter and living organisms. Organic practices also result in more carbon stored in the soil, and therefore less carbon in the air.
- Provisions within the organic regulation stipulate that animals shall have a certain amount of space in order to encourage their natural behaviour, as well as eat organic feed that is suitable for their species. As such, animal welfare is usually higher for animals raised according to the organic regulation.
- Organic soils are around 25% more effective at storing carbon in the long-term. Soil carbon increases on average by 2.2% per year after converting to organic.
- If Europe's farmland all followed organic principles, agricultural emissions could drop by 40-50% by 2050, with plenty to provide healthy diets for all[4].
- Organic agricultural practices contribute to the creation of more jobs.

Life cycle assessment (LCA) methods, on which the PEF is based on, do not take into account the elements highlighted hereabove, e.g. the impact on biodiversity or animal welfare. In addition, LCA methods do not put forward the benefits of organic agriculture also because they are often based on yields (which are slightly lower for organic in the short-term) and efficiency more generally. However, if we want to achieve the objectives of the European Green Deal, efficiency cannot be used as the main parameter of success any longer, (eco)sufficiency[5] must also be taken into account.
With the current environmental impact categories, we could find ourselves in the paradoxical situation in which a product could display an excellent PEF because it scores well on certain impact categories, but at the same time destroys biodiversity and soil fertility. The devastating effects of said product would not be reflected in the PEF label. At the same time, farmers that make sure their cows have plenty of space and feed them appropriately, carry out crop rotation, keep green strips of land and plant hedges for biodiversity to thrive will have very little to show about their service to nature and society if only looking at the PEF.

Finally, LCAs are often based on average approximated secondary data. While IFOAM Organics Europe appreciates that some of these data are publicly available, much of these data remain hard to come by and represent in any case an approximation at best of the environmental footprint of a certain product. As the majority of these data are collected for conventional products, using these data for an organic product would likely result in a misleading picture of the environmental footprint of said product. However, the PEF is designed to calculate the product using primary data whenever possible. Also, collecting primary data for an organic product is extremely costly and time consuming. Most organic companies are SMEs and this data collection clearly represents a limitation. It is imperative that more data from organic farming is available before the PEF can be used in communication. We therefore suggest to make use of the results of the project to calculate an organic PEF for Pasta, Dairy and Meat, started through the German federal funding program "Bundesprogramm ökologischer Landbau und andere Formen nachhaltiger Landwirtschaft" [Federal program for organic farming and other forms of sustainable agriculture]. The results of the project will be available in the summer of 2022.

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[2] WWF 2020 report "biodiversity loss in numbers": https://earth.org/data_visualization/biodiversity-loss-in-numbers-the-2020-wwf-report/

[3] Reference for this and the following two bullet points: "organic infographics and videos" at https://www.organicseurope.bio/library/?qterms=11

[4] Reference for this and the previous bullet point: An agroecological Europe in 2050: multifunctional agriculture and healthy eating. IDDRI, 2018. Available here: https://www.iddri.org/sites/default/files/PDF/Publications/Catalogue%20Iddri/Etude/201809-ST0918EN-tyfa.pdf

[5] The strategy to reduce the environmental footprint of modern societies.

Consumers trust and recognize the organic label & the need to avoid confusion

Existing labels such as the organic label and the EU ecolabel are well established since many years and should be accurately considered in this process. For instance, the 2020 Eurobarometer[6] revealed that more citizens are now aware of the EU's organic logo, with 56% of respondents recognising the logo, an increase of 29% compared to 2017. Citizens believe that organic products are more likely to comply with specific rules on pesticides, fertilisers, and antibiotics (82% agreed), are more environmentally friendly (81%), and are produced with higher respect for animal welfare (80%).

A specific concern of IFOAM Organics Europe is that introducing PEF-based claims in a way that does not consider the benefits of organic agriculture would greatly undermine the good work that the Commission has done to increase the recognition of the organic logo among consumers, as well as to protect the term "organic" and the products it covers.

In addition, there is a risk that claims will create confusion regarding organic products. Consumers might not be fully aware of the differences between an organic product and a product that bears a good PEF score. Also, the use of (too) many logos risks creating confusion for the consumer, the exact opposite of the Commission's objectives. For example, an organic vegetable preserve could display the front of packaging nutritional labeling, a logo on the environmental performance of products, the European organic logo, the logo with a protected indication of origin, the nutritional declaration, a nutritional label which may be nutrient specific or a summary label, the identification of the nature of packaging material(s) used (European Parliament and Council Directive 94/62/EC of 20 December 1994 on packaging and packaging waste), not to mention nutritional claims ("no sugar added", "high fiber" etc.) and any other voluntary symbols such as "mountain product" or "product of island farming" (Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012), claim/logo on social inclusion, the barcode, logos such as "vegetarian", "gluten free", "palm oil free". Even the informed consumer risks being confused by the sheer number of logos.

Similarly, consumers may feel puzzled when confronted with a product that scores well on "eco-toxicity freshwater" and an organic product that does not make any claims, but that inherently has a positive impact on the toxicity of freshwater, simply by not using synthetic pesticides. In short, a truthful and comprehensive LCA is difficult to implement, and it is even harder for consumers to be fully aware of the differences between LCA-based labels and the organic logo.

Also, when looking into the 16 impact categories that the PEF score is based on, we had difficulties understanding them all, as well as understanding the differences between some of them. For instance, trying to understand what exactly "photochemical ozone formation" refers to and especially what the difference is with the impact category "ozone depletion" was not an easy feat. Facing such difficulties ourselves, we fear that such terms will be confusing for the average consumer.

Finally, PEF poses a concern when it comes to pollutants. Official data reveal that in various member states concentrations of several pollutants exceed the environmental quality standards put in place by Directive 2000/60/EC of the European Parliament and of the Council establishing a framework for Community action in the field of water policy. It seems inappropriate that products for which pesticides that exceed these standards have been used can display a positive PEF score. This would lead to doubts in the consumer as to the validity of an environmental assessment system. In addition, the risk assessment considers the effects of individual substances and does not consider the possible effects of the mixtures present in the environment. Precisely because of the presence of mixtures, there is an awareness, at a scientific and regulatory level, that the risk deriving from chemicals is underestimated: this issue should be addressed, in order to avoid misleading claims.

As such, the existence of PEF-based claims, the complexity of the PEF impact categories, as well as the sheer number of other claims and logos, may result in being a potential obstacle to reaching the 25% target of organic land by 2030, as stipulated in the Farm to Fork and EU biodiversity strategies.

[6] Eurobarometer 504, 2020, available here: https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/survey/getsurveydetail/instruments/special/surveyky/2229

2.2. PEF Limitations beyond organic

Limitations of PECFRs

IFOAM Organics Europe appreciates the incredible work that has gone behind the creation of Product Environmental Footprint Category Rules (PEFCRs). However, at this stage, the work around PEFCRs is somewhat incomplete for two main reasons:

- Given the considerable work behind PEFCRs, not all products have PEFCRs at their disposal yet. If we look at food groups, there are only a few food groups that currently have PEFCRs. For instance, category rules do not exist for fruits and vegetables, sugary foods, beans and legumes, to name a few. Dairy is one of those food groups for which PEFCRs exist[7]. However, even in this case PEFCRs are limited as they exist only for some dairy products and not others. For instance, normal yoghurt has a PEFCR while Greek yoghurt does not. Similarly, PEFCRs exist for cheese made from cattle milk, but not for cheese made from sheep or goat milk. This means that a brie made from cattle could display a PEF logo, while a brie made from sheep will not, which may result in questions regarding whether the cheese made from cattle milk is more environmentally friendly compared to the cheese made from sheep milk.
- In light of the above bullet point, we have seen that PEFCRs exist only for a few products. According to a 2017 report by Ernst & Young on the verification of embedded impacts and traceability as part of the Environmental Footprint methods implementation, "the level of precision of current PEFCR [is] in some cases too limited to ensure verification to make EF verifiable or leave too much room for interpretation"[8].

Transparency

When embarking on the ambitious journey of creating a new environmental tool to substantiate claims, it is paramount that this process is done transparently. We understand that the Commission reached out to many stakeholders at the beginning of the PEF process. We cannot recall being among those stakeholders, and generally we have seen that NGOs and farmers were not very much included in the PEF-related discussion. As stated in a 2018 paper by the European Environmental Bureau (EEB)[9]: "based on available information, NGO's were only involved in 2 technical secretariats and in 2 critical reviews. Consequently, there were mainly industry experts and their contracted LCA consultants shaping the PEF rules with quite limited external scrutiny and involvement of civil society groups as documented in the three rounds of public consultation and critical review panels".

Also, none of the supporting PEF studies that were carried out during the pilot phase were made accessible because of business confidentiality reasons, which makes it difficult to truly understand the process and the calculations behind the PEF method.

It is also not easy to understand where the process is at when consulting the Commission page on the PEF. An example is the "news" section, which, at the moment of writing (March 2021) displays its latest news dating from the 30th of November 2018. This means that the public consultation on the "Environmental performance of products & businesses – substantiating claims" or the several webinars that were organized by the Commission on the PEF are not even mentioned as news on the Commission's webpage on the PEF.

Requirements for companies in general and SMEs in particular

As per the Farm to Fork strategy, "new legislative initiatives will be underpinned by the Commission's better regulation tools", which ought to take into consideration "how SMEs are affected"[10].

The generic data that are available for calculating the PEF of a certain product are certainly a useful tool, but naturally lack specificity. In order to achieve the PEF calculation and the benchmark for a certain product, companies ought to collect company- and product-specific data. However, calculating the PEF with a

[7] PEFCRs for dairy products, EDA, 2018, available here: https://ec.europa.eu/environment/eussd/smgp/pdf/PEFCR-DairyProducts_2018-04-25_V1.pdf

[8] Available on page 10: https://ec.europa.eu/environment/eussd/smgp/pdf/2017_EY_finalrep_verification_public.pdf

[9] Briefing on the EU product environmental footprint methodology, EEB, 2018, available here: https://eeb.org/?s=Product+environmental+footprint

[10] Page 6 of the F2F strategy available here https://eur-lex.europa.eu/resource.html?uri=cellar:ea0f9f73-9ab2-11ea-9d2d-01aa75ed71a1.0001.02/DOC_1&format=PDF

company's own data is an extremely time-consuming and costly affair. These costs and resources represent a barrier to developing own PECFRs, especially for SMEs which might not have the means or the staff to carry out such an exercise, let alone several of these calculations, should they produce more than one product. A bigger company may rely on the economies of scale and seems to therefore be favoured in the PEF process.
Also, a product with an excellent PEF score might very well have been produced in a company that overall performs poorly from an environmental standpoint. The fact that the PEF score is completely uncoupled from the environmental performance of the company overall is a clear limitation of the PEF method.

3. Proposed role for the PEF

IFOAM Organics Europe understands the Commission's intention of clarifying the landscape of environmental claims that are currently present on the market. Consumers are currently exposed to a plethora of environmental claims, few of them verified. However, the PEF at this stage is not a well-enough developed instrument when it comes to making environmental claims on a product or attaching a certain percentage to the environmental performance of a certain product.
At this stage, IFOAM Organics Europe proposes that the PEF should only be used on a voluntary basis as an internal tool for companies to evaluate and compare the environmental performance of their products. The PEF may be used cautiously in B2B communication at this stage, if accompanied by other assessment tools, and if on a voluntary basis. However, the PEF should not be used for B2C communication due to the several shortcomings identified above, which include:

- The lack of important environmental impact categories such as biodiversity and soil fertility,
- The unfair position that SMEs would find themselves in when developing a PEF score,
- The consumer confusion that may arise from the presence of several claims, logos and labels,
- The fact that PEFCRs exist only for certain food groups and within those food groups only for certain products,
- The lack of transparency associated with the PEF process.

Also, it should not be allowed for operators to use the PEF figures as a base and add some other values to communicate the climate footprint of food products to consumer. Therefore, businesses should not be able to use the basic figures in PEF to make their "own" sustainable labels based on the PEF methodology.