



**Development of a European
methodology for the calculation of
products and companies
Environmental Footprint**

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Problem definition

One of the biggest weaknesses of the existing proliferation of private labels is the non-standardised methodologies and therefore non comparable results rendering (some of) the resulting information and labelling little more than "information green washing"

The proliferation of labels is confusing to consumers and businesses alike and may ultimately undermine consumer confidence and diminish the value of green claims

The introduction at national level of "green" product labels should be avoided, as this risks fragmenting the market

*Some manufacturers argue that the **green consumer doesn't really exist** due to the difference between willingness to pay and real consumptions habits. However, some researches show that this is probably closely related to the scepticism that exists about misleading and unverified environmental claims. Accurate ecolabels can create trust in environmental claims, improve information symmetry between producer and consumer, and ultimately elevate actual payment levels to meet stated willingness-to-pay*

The policy mandates

Single Market Act

Proposal No 10: Before 2012, the Commission will look into the feasibility of an initiative on the **Environmental Footprint** of Products to address the issue of the environmental impact of products, including carbon emissions. The initiative will explore possibilities for establishing a **common European methodology** to assess and label them.

Council Conclusions 20 December 2010

The Council invites the Commission to “develop a **common methodology** on the quantitative assessment of environmental impacts of products, throughout their life-cycle, in order to support the assessment and labelling of products”

Resource Efficiency Roadmap – 20 September 2011

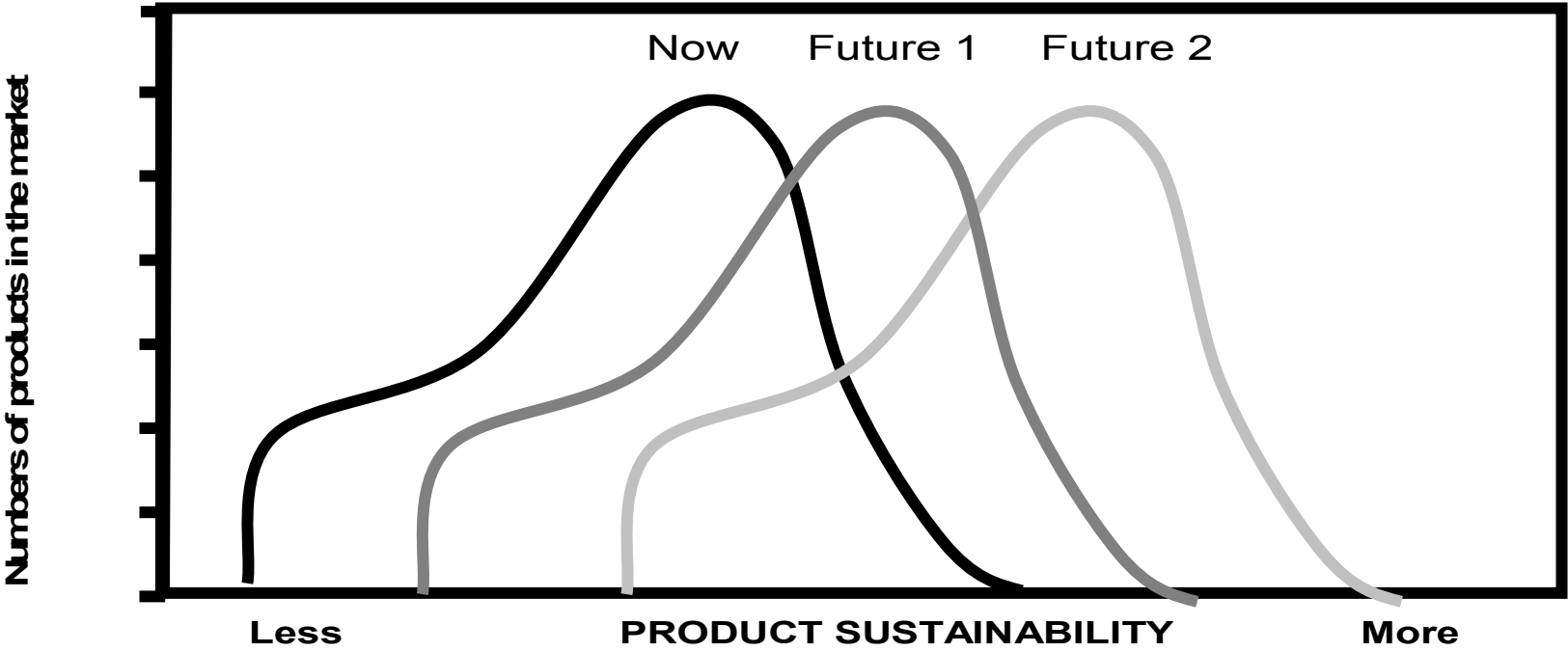
The first section of the milestones and actions is devoted to Sustainable Consumption and Production

The Resource Efficiency Roadmap and environmental footprinting

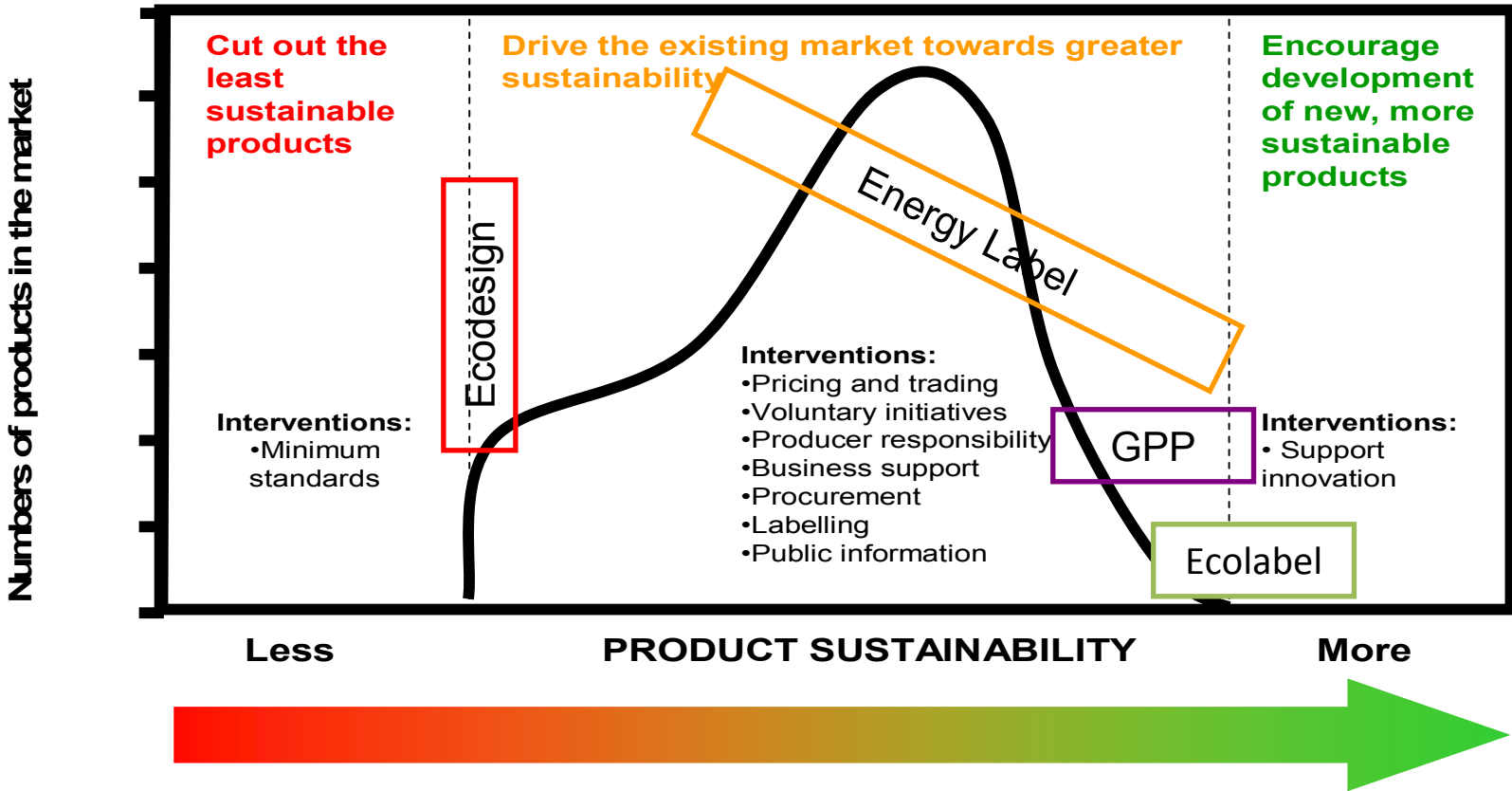
The Commission will:

- ✓ Establish a common methodological approach to enable Member States and the private sector to assess, display and benchmark the environmental performance of products, services and companies based on a comprehensive assessment of environmental impacts over the life-cycle ('environmental footprint') (in 2012);
- ✓ Address the environmental footprint of products, building on an ongoing assessment due in 2012 and following a consultation with stakeholders, including through setting requirements under the Ecodesign directive, to boost the material resource efficiency of products (e.g. reusability/recoverability/recyclability, recycled content, durability), and through expanding the scope of the Ecodesign directive to non-energy related products (in 2012);
- ✓ Ensure better understanding of consumer behaviour and provide better information on the environmental footprints of products, including preventing the use of misleading claims, and refining eco-labelling schemes (in 2012);

PRODUCT INTERVENTIONS – Market change over time



PRODUCT INTERVENTIONS – Overall approach



Methodological work: analysis of existing methods

- **Product**

- ISO 14044 (2006)
- ISO 14067 (Nov 2010d)
- ILCD (2010)
- BP X 30 (2009)
- PAS 2050 (2008, Nov 2010d, Jan 2011d)
- Ecological footprint (2009)
- WBCSD/WRI (product: Nov 2010)

- **Corporate**

- ISO 14064 (2006)
- Bilan Carbone
- DEFRA guide (GHG)
- CDP Water footprint
- WBCSD/WRI (corporate: Nov 2010)
- GRI

Methodological pillars

- Based on life cycle approaches (ILCD Handbook)
- Look at all relevant environmental impacts
- As much as possible in line with existing EU and International approaches
- Have a product-category / sector based approach
- **Comparability shall be given priority over flexibility**

Methodological work: Timelines

	Product Environmental footprint	Organisation Environmental footprint
Analysis of existing methodologies	March 2011	
Draft methodology guides	June 2011	September 2011
Training on methodology	13-15 July 2011	19-20 Oct 2011
Invited Stakeholder Meeting	29-30 November 2011	
Pilot tests concluded	20 Dec 2011	February 2012
Stakeholder consultation on the policy options	December 2011 - March 2012	
Final methodological guide	Fall 2012	



Methodological work: the road test

Deadline for applications: 13 May 2011

Pilots starting date: July 2011 (both for products and companies)

Pilots (mandatory) closing date: 20 December 2011 (products)
29 February 2012 (companies)

Products

- Food and drinks
- Retailers (different products)
- Construction
- Chemicals
- ICT
- Footwear
- Paper
- Televisions

Corporate

- Food, feed and drinks
- Retailers
- Public Administrations
- Energy production
- ICT
- Water services
- Paper
- Mining
- Chemicals

Supporting studies: Incentives

Study on incentives to drive the improvement of companies' environmental performance
Timeline: September 2011 – January 2012; **workshop 14 December 2011**

Administrative incentives

- Reduced inspection frequency and permit extensions
- Favourable thresholds for administrative obligations

Economic incentives

- Reduced/variable tax, tax-and-refund schemes
- Funding (easier access to funding, funding earmarked for improving performance, etc), State Aid, access to preferential loans
- Access to private funds, lower insurance premium
- Preferred vendor status

Reputational incentives

- Visibility, league tables...



Supporting studies: Communication

Timeline: till end of February 2012

Building on already existing studies (e.g. Ernst and Young Survey in 2009), DG ENV would gather through this study more detailed information about (non exhaustive list):

- **WHAT** to communicate to final consumers with regards to the environmental footprint
 - How many different indicators an average consumer can realistically manage? (3, 4, 5, more?)

- **HOW** to communicate to final consumers the environmental footprint of a product?
 - Figures
 - Grades
 - Best in class
 - (Other?)

- **WHERE** to communicate?
 - Shelf-tag
 - Package
 - Bar code
 - (Other ?)

- **WTO** implications of the above mentioned options

- **Surveys:** pilot groups, survey: 1500 respondents (IT, SE, PL)

Creating value from information - 1

- ❖ Value in impact measurement increases exponentially when the results are easily found and understood by consumers
- ❖ The goal is not to increase the volume of information, but to help consumers make more informed decisions
- ❖ The effectiveness of information depends both on how it is presented and on the ability of the consumer to absorb and act upon it. **There are conflicting views as to whether more information is better**
- ❖ More information can provide the perceived credibility, but too much information creates an overload that might confuse some consumers
- ❖ Information matters on the manufacturing side too. Reporting metrics must be viewed as a preliminary step. Improvement in metrics must become a management goal.

Creating value from information - 2

- ❖ Information is more effective when consumers are able to differentiate competing products
- ❖ What is needed is to communicate **relevant** information, rather than simply **more** information to consumers

"Nobody who bought a drill ever really wanted a drill. They wanted a hole. Therefore, if you want to sell drills, you should deliver information about making holes, not about drills!"

When it comes to environmental information, what consumers want is to make responsible purchases, not to be inundated with data about (for example) greenhouse gas emissions.

For any further information

http://ec.europa.eu/environment/eussd/corporate_footprint.htm

http://ec.europa.eu/environment/eussd/product_footprint.htm

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