

Report of the Stakeholder Event

Meeting: Stakeholder event European Commission DG Environment “Implementing PEF/OEF methods in policy options”
 Date: 26 April 2018
 Time: 9.30 – 13.30h
 Number of participants: 100 (see list of organisations at the end of the report)
 Minutes by: Ecofys, a Navigant company
 Number of pages: 9

Program stakeholder event

Time	Program
09.30	Introduction <ul style="list-style-type: none"> • Welcome & aim of today • Highlights of the final PEF/OEF conference • Explanation of the problem definition • Presentation on the policy context • Introduction to the policy options
10.30	Break-out session in 5 groups: <ul style="list-style-type: none"> • Group 1. What is needed to enable consumers to make well-informed decisions on (green) products? • Group 3. How can companies distinguish themselves or their products on sustainability? • Group 2. How could public administrations implement and use the Environmental Footprint methods and information? • Group 4. How can harmonised environmental metrics support well-informed investment decisions by companies and financial institutions? • Group 5. How can the proposed policy options support more sustainable consumption and production in Europe?
12.00	Coffee break
12.20 – 13.30	Plenary session <ul style="list-style-type: none"> • Recap of all 5 break-out groups • Moderated live discussion

1. Introduction

Hugo Schally (EC DG ENV) opened the meeting and explained that the objective of this stakeholder event is to understand the concerns and opinions of stakeholders when moving from vision to action.

Imola Bedo (EC DG ENV) presented the policy context and policy options. Five policy options were presented (more detailed information can be found in the background document of this stakeholder event):

- Option 1. Business as Usual
- Option 2. Continued support to the implementation of the EF methods
- Option 3. Licensing of the right to use PEF and OEF
- Option 4. Integration of the methods in existing policies
 - EU Ecolabel
 - Green Public Procurement (GPP)
 - Eco-Management and Audit Scheme (EMAS)
 - Unfair Commercial Practices Directive
- Option 5. New instrument on specific green claims

Annemarie Kerkhof (Ecofys, a Navigant company) presented the first findings of a study on the problem definition, Main conclusions are:

1. There is a large potential for green growth in Europe
2. In the current situation, there is incomplete, scattered and inconsistent information available about the environmental performance of products and organisations in Europe, which hampers to reap the full potential for green growth.
3. Stakeholders - businesses, consumers, investors, public purchasers and policy-makers — ask for common and robust metrics to be able to profit from the green growth in Europe

2. Break-out sessions

After the plenary session, the participants split up in 5 break-out groups, each presenting a different stakeholder perspective (consumers, businesses, investors, public administration and other), to discuss the problem definition and potential policy options. The problem definition was discussed by posing a number of yes/no questions. Participants could vote by feet by standing at the “yes” or “no” side of the room. Participants were invited to explain why they voted “yes” or “no”. Potential policy options were discussed by brainstorming the potential impacts of a certain policy option and by prioritising impacts by voting with stickers (on a flipchart). Participants were asked to give their arguments for their inputs.

Break-out session “Consumers”

Exploring specific elements of the problem definition

1. Question: Do you think that the product’s environmental impact influences the consumer’s purchasing decision?
People Yes: 7
People No: 6

Participants discussed that environmental information influences primarily the decisions of those consumers already interested in environmental impacts. Some claimed that factors other than environmental considerations are higher in the hierarchy, and hence better information might still not influence purchase decisions.

2. Question: Do you think that consumers can find enough information on the environmental performance of products?
People Yes: 0
People No: 13

Although the degree of environmental information differs by product group, there was unanimous agreement of the group that overall there is not enough information on environmental performance to help consumers in their purchase decisions.

3. Question: Do you think that consumers trust the current environmental information on products?
People Yes: 0
People No: 6
People in the middle between Yes and No: 7

With respect to consumer trust of current environmental information on products, the group was equally split between "no" and "undecided", depending on the type of information, the type of consumer and country/market at case. It was noted that there was feeling of a trend towards growing mistrust. Ecolabel information is generally trusted, particularly in the Nordic countries, then comes government information schemes/labels, and last comes unverified manufacturer claims for which there is in general distrust.

4. Question: Do you think that the purchase behaviour of consumers is influenced by the environmental good/bad performance of companies?
People Yes: 12
People No: 0
People Abstained: 1

Consumers can relate to specific companies. This is especially true in case of information on bad performance (e.g. negative press), which would result in consumers "boycotting" company products at least temporarily.

Brainstorm for policy options

Policy option 1. Integration of PEF in Ecolabel

There was group consensus that PEF is not set up to be an Ecolabel itself or to work as an Ecolabel. It can, however, support the EU Ecolabel as a background method. Consumers typically do not know what is behind the EU Ecolabel so whether we use PEF as the basis or not will not have a significant impact on consumers. Participants see the PEF rather as a B2B tool.

Policy option 2. New instrument on specific green claims

The largest impact would potentially come with a Green Claims instrument. PEF can serve a function in relation to manufacturers' unverified green claims. Participants suggested to exclude existing third party verified labels from the scope. However, the group felt that PEF might not be a perfect tool as it relies for a large part on secondary data (*NOTE: primary data is required for the processes that are most relevant from an environmental point of view. These are typically 10-20 processes out of hundreds, which make up 80% of the impacts*). Overall, the group was of the opinion that while the PEF methodology is well-developed, there is still work to be done in relation to communication, data reliability etc before PEF can be used.

Break-out session "Businesses"

Exploring specific elements of the problem definition

1. Question: Do you think that the demand for green products is growing?
People Yes: 17
People No: 2

In general, (large) companies agreed that the demand for green products is growing. Companies answering "no" did not think that the demand for green products is growing, but see other reasons for a growing green market, e.g. limited resources and climate change impact, or general competition among companies.

2. Question: Do you think that companies know the environmental information of their organisations?
People Yes: 2
People No: 17

Nearly all participants (from companies) agreed that they know the environmental performance of their own operations, but they have limited insight in the environmental performance of their supply chain. One SME mentioned that it is hard to trace back all components of a product. In general, climate change impact is better known than other environmental impacts. Some participants also mentioned that larger, publicly listed companies, have to disclose environmental information towards investors. SMEs probably have more difficulty to measure their environmental performance.

5. Question: Too many methods to measure environmental performance of companies?
People Yes: 18
People No: 1

The participants (from companies) agreed that there are too many methods available. Company efforts should focus on reducing the environmental footprint, not on chasing methods/standards.

Brainstorm on policy options

Policy option 1. New instrument on specific green claims

Most participants agreed that PEF should be the only methodology for green claims. Moreover, PEF should only be mandatory when a company wants to make a green claim. PEF was also considered as a fair basis for comparison. However, many participants argued that PEF is currently not mature enough for policy application. Some participants expected that PEF as only methodology behind green claims will reduce costs for companies, while other participants expected higher costs.

Policy option 2. Continued use of PEF

Large part of the group expected that interest in PEF will be lost when this policy option is implemented. Companies invested time and money in the pilot phase and when no action is taken by EC these investments are wasted. There was also a lack of information, because at the time of the stakeholder event no final PEFCRs were available. Participants mentioned that they first need to receive the method for each sector / product group. Companies were also afraid that the same PEF method for all industries will not work. Some participants also mentioned that coordination with sustainable finance and other initiatives is necessary. Next step for PEF is to try the method and show the information. There is however a concern that green companies will use PEF and that brown companies will not.

Break-out session “Public administration”

Exploring specific elements of the problem definition

1. Question: Do you see a growing interest in Green Public Procurement (GPP) among your stakeholders?
People Yes: 12
People No: 1

Session's participants agreed on indicating growing interest for GPP in their home countries. Several barriers preventing further GPP development were identified, highlighting challenges in all 3 stages of policy making: in policy development the main issue is the lack of information; in policy implementation the main issue is the administrative burden and complexity; in policy follow-up the main issue is monitoring.

2. Question: Is there enough information available for public authorities?
People Yes: 0
People No: All

All participants identified a gap on valuable information available for public authorities to develop relevant policymaking. However, only half of them considered that such information has a direct influence on policymaking.

3. Question: Is the information you gather influencing your uptake/policies?
People Yes: 50%
People No: 50%

The participants agreed that that more information is needed on: macro-level, SMEs, services, "Bigger picture" (e.g. breaking silos in Circular Economy) and benchmarking.

4. Question: Would you agree to reduce the number of labels?
People Yes: 8
People No: 3

Participants mentioned that by setting up trustworthy and verified labels, the “market” of labels will change. The “market” of official labels will grow at the expense of unofficial labels. One participant mentioned that a single mandatory label could be a solution. On the other side, participants mentioned that direct action to reduce the number of labels is not the optimal strategy. Strengthening controls of green claims via an agreed methodology

would have same effects with less disruption. It was also discussed that diversity of labels is not always negative, and only a few labels are currently relevant.

When discussing the possibility to reduce the number of labels to address some of the concerns identified during the conference and the stakeholder workshop, 63% of public authorities' representatives agreed it would be a positive development.

Brainstorm on policy options

The final brainstorm on policy options identified policy opportunities in several areas and at different levels. "Claims should comply with ISO 14021" and "publicly available Life Cycle Assessments" received the highest share of votes (6 and 5 respectively). Other environmental policies listed in the brainstorm were: independent verification, market surveillance (companies as leading actors), flexible/different rules according to type/reliability of verification, PEF as additional source of information for Ecolabel (background/preparatory work), PEF included in Ecolabel as a development criteria, PEFCRs → looking at complementarity between PEF & Ecolabel, Graded Ecolabel → building on additional info available from PEF (similar to current energy labels).

Breakout session – Investors

Exploring specific elements of the problem definition

1. Question: Do you think that investors invest more or easier in a company with higher environmental standards?

People Yes: 10

People No: 2

The majority of the participants see that there is a trend of investors investing in companies that are 'green'. The main driver is the interest of investors to invest long-term at low risk and they know that green policies are the future. Investing in 'green' companies is seen as safe. Moreover, 'greenness' of a company has an effect on financial valuation, mostly on companies that have high exposure from a consumer perspective. Other participants argue that it really depends on the country of operation, not in all countries 'greenness' impacts the reputation of an organisation. Also, the financial factors are more important than the sustainability characteristics.

2. Question: Do you think that investors and banks have enough access to environmental performance of organizations?

People Yes: 0

People No: 9

People Neutral: 3

The stakeholders argued that there are many labels active (e.g. CDP) that enable investors to see what the performance is, but due to the variety of labels and systems there is an overload in information. Furthermore, the reliability of information is unsure. Simplicity and verification is needed to be able to make decisions based on environmental factors. It is also really hard for investors to make long term decisions based on environmental data since the scenario's and stories developed by the companies are uncertain, due to data uncertainty, methodology variation and the changing policy landscape. For investors it is crucial to know how non-financial information is made, information on a larger scale and involving the supply chains of organisations would be very interesting.

3. Statement: Do you expect companies with a sound environmental strategy will perform better economically?

People Yes: 12

People No: 0

Participants agreed that companies with a sound environmental strategy will perform better economically. A company with a long-term vision on the environment will probably also have a long-term vision on the return on investment. These organisations probably also anticipate future regulations, which is an important success factor of an organisation. Participants see a trend for companies to develop a 2050 vision, based on science-based findings

and scenario's. However, this is often difficult for organisations, because goals after 2020 are less reliable and easy-to-make. From an investors' point of view, it could be good to first focus on short-term investments, for example energy efficiency measures with a pay-back time of 1-2 years.

4. Statement: Do you think that there are too many methods for measuring environmental performance for organizations?

People Yes: 12

People No: 0

The participants agreed that there are too many methods available, but on the other hand one reporting initiative is also not sufficient. Reporting initiatives need to take into account differences between SMEs and large companies and the different needs of these organisations in terms of time, effort, relevance of information, details required, etc. Therefore, instead of one reporting initiative, one methodology should be in place, so that every organisation uses the same calculations and all reported information is comparable. Current reporting initiatives and methods focus on the current performance of companies, while the future is more relevant from an investors' perspective. Therefore, it was argued by the participants that the method should include future-oriented elements.

Brainstorm on policy options

Policy option 1. Integration OEF in EMAS

The main need for investors is to create long-term reliability and stability of green claims. This is already done for financial statements, which are harmonised. A large part of the group expects that integrating OEF in EMAS will not be a game-changer for investors. EMAS has a low number of subscribed companies and is voluntary. The group is worried that this policy option will only lead to a tick-the-box process, where companies applying for investments only need to click "yes" on EMAS rating, while the actual results will not impact decision-making. The participants also see a large risk for 'free-riders' with this policy option.

Policy option 2: Continued support for implementation of PEF/OEF methods

The feedback on this policy option was largely in line with the above, with the remark that continued support will lead to more trust in the used method, which can indirectly increase green investments. The group agreed that support and belief in one method would already be an improvement for investors.

Policy option 3: New instruments on specific green claims

The success of this policy option depends very much on how it will look like. In principle it would not help if this instrument is just adding to the list of current instruments. If we add an instrument, it really should fulfil the need of investors to get reliable, consistent insights in the long-term green ambitions of a company.

Break-out session "Other"

Exploring specific elements of the problem definition

1. Question: Proliferation of claims is a problem where the EU should step in to resolve?
People Yes: 17
People No: 3

An industry participant questions if a single label can help to communicate all information. For some, the issue is not the number of the labels, but the methods behind them, or their reliability. There is a concern from industry on the costs for implementing PEF, especially for SMEs.

2. Question: Shall all environmental information be available?
Question raised too much controversy

Making all environmental information available can lead to an overwhelming amount of data that is not interesting or digestible. Information required depends on the audience; per stakeholder there is a need to investigate where there is room for improvement. There is also an international dimension in 'all information', we will not have all information available from other countries (e.g. China), while there is a need for information from other parts of the world.

3. Question: Is current information on environmental information credible?
 # People Yes: 3
 # People No: 8
 # People Neutral: 9

The underlying information is reliable, but the way it is communicated is less standardized and reliable. There is a feeling that some companies cannot provide the underlying information of their environmental claims. The marketing departments tend to be creative and there the question of credibility arises. The main reason is that assumptions and/or the methodology are not clearly explained. Current methodologies leave room for interpretation or flexibility, which influences credibility. Furthermore, credibility is influenced by availability of data and the use of software.

Brainstorm for policy options

The group was made up by diverse stakeholders. Their interest in the Environmental Footprint methods and their implementation was harmonisation of methods, building trust in environmental information and driving improvement of environmental performance.

The group brainstormed and prioritized elements that are relevant for the proposed policy options, considering the areas of interest outlined above. The group suggested to include additional policies for the potential implementation of the EF methods beyond the ones presented at the workshop. Participants received two votes per person to identify the most relevant elements:

Policy option	Number of votes received
Education	8 votes
Industrial Emissions Directive	4 votes
Trade	
Eco-design	11 votes
HACCP	
Construction product regulation	
Standardization in general	8 votes
ETV	1 vote
Food labelling	
Packaging	
UCPD	
Directive in non-financial information	1
EU ecolabel	1
GPP	

Priorities thus defined were Eco-design (11), standardization (8) and education (8).

Some stakeholders would be very disappointed in case the “business as usual” option would be validated: industry invested a lot of effort in testing and developing the Environmental Footprint methods and wish to see it implemented.

Verification was discussed as a key element of any policy proposal, a pre-condition for a trustworthy scheme.

The table below presents the number of votes for the different policy options, considering also the extent to which they would match the areas of interest of participants. Participants proposed to include a situation where the integration of the EF methods in current instruments and to split the option on the new instrument into “voluntary use of PEF methods” and “mandatory use of PEF” for substantiating claims. The option on voluntary use of PEF did not receive any vote, therefore it doesn’t appear in the table.

	Policy option 2&3. Continued support	Policy option 4. Integration of the methods in existing policies	Combining option 4 & 5	Policy option 5. New instrument - Mandatory to use PEF for substantiating green claims
Harmonisation of methods	9	5	4	1
Trust in environmental information	2	6	6	5
Drive improvement of environmental performance	2	5	5	7

3. Discussion

After the break-out sessions, all participants reconvened in the plenary session. The findings in the break-out sessions were presented by a representative of the break-out session. Main topics discussed related to the recaps are as follows:

- Interesting conclusion in the break-out sessions of “Companies” and “Public administration”: the idea of an intermediate solution arose, whereby it is not obligatory to communicate regarding your product, but if a company wants to communicate a green claim, it should be based on PEF.
- Investors care about the future, but the PEF/OEF methods measure the environmental performance of the current situation. The question was posed if measuring methods, including PEF/OEF, should not ensure that future environmental performance is also taken into account.
- Follow-up comment on the previous comment: The purpose of the PEF/OEF method should be kept in mind when developing the method.
- It is important to make a link with the environmental impact of products. In 2006, the Commission published an interesting study (Environmental Impact of Products, EIPRO¹). This study is however based on data from 2000. Participants asked whether the Commission has a clear picture of which products and which type of impacts should be looked at in policy and whether an exercise similar to EIPRO would be repeated. DG Environment representatives explained that there are new studies on a basket of products approach and looking at consumption footprint.

4. Questions session

Question 1: What do you need right now as next steps? What do you need to go forward with PEF and OEF?

- SMEs need more financial support.
- Clear message from the Commission that they are serious about immediate policy implementation of PEF.
- The exact formula and calculation method for all products is still unclear *[Note: At the time of the stakeholder event, some PEFCR/OEF SR were not available yet.]*

Question 2: If there is already a PEFCR and OEFCR available for your product group or sector, what's your next step? (answers below are from current pilots)

- Communicating about the results in the form of conferences or information to stakeholders
- Pushing for the use of the initiative, as the effort cannot go to waste – PEF should be used wherever suitable instead of having a plethora of instruments. Internally it already has a value for people doing hotspot analysis to see what they could improve. Try to find synergies with the EU Ecolabel and Green Public Procurement. Ask Commission to do discussion tables to discuss policy implementation. Show SMEs the environmental impact of their product.
- Promote the use of the tool internationally.

¹ http://ec.europa.eu/environment/ipp/pdf/eipro_report.pdf

- Following up with the Commission on a set of issues (e.g. the definition of product, co-product, by-product and waste; considering whether there is a need for a different approach for each sector; considering the impact on international competition)
- We are still busy with finalizing the pilot. We need to consider how we will communicate results. We need to talk about the downstream use of our products.

Closing remarks - Did we miss anything?

- Standardisation is needed for how to communicate PEF/OEF results.
- Make available the supporting studies prepared based on the draft PEFCRs and OEF SRs. We want to see how the PEF CR look on the products. Great to track new PEF studies and see what their problems are so we can learn from them. *(Note: PEF supporting studies are confidential and based on outdated PEF CRs and data)*

5. List of organisations that registered for the meeting

ACE - The Alliance for Beverage Cartons and the Environment
ADS Insight
Agriculture Department of Catalunya Governement
AIM - European Brands Association
Amfori
Aztí – Centro tecnológico experto en innovación marina y alimentaria
APEAL - The Association of European Producers of Steel for Packaging
Belgian Federal Public Service of Environment
Better Cotton Initiative
Bonsai
Braskem Netherlands B.V.
Burson-Marsteller
BusinessEurope
CDP Europe
CEEV - Comité Européen des entreprises vins
CEPE – The European Council of the Paint, Printing Ink and Artists' Colours Industry
Certiquality Srl
CEWEP – The Confederation of European Waste-to-Energy Plants
Coldiretti
Conservation International Europe
COTANCE-The European Leather Industry
Danish Technological Institute
Danish Ministry of Environment and Food
Deutsche Bauchemie
Ecoinnovazione srl
Eastman
EDA – European Dairy Association
EEB - European Environmental Bureau
EOTA
EPD International – Environmental Product Declarations
EURIMA - European insulation Manufacturers Association
Euro Coop - European Community of Consumer Co-operatives
EUROFER - European Steel Association
Eurometaux - European non-ferrous metals association
European Footwear Confederation
FEFAC – The European Feed Manufacturers' Federation
FESI – The Federation of the European Sporting Goods Industry
Federal Ministry for Sustainability and Tourism, Austria
Finnish Environment Institute (SYKE)
Firmenich
First Solar
FPE - Flexible Packaging Europe
French Environment Ministry
Fur Europe



Gaiker-IK4.
GEN - Global Ecolabelling Network
German Environment Agency
German Ministry for the Environment
Green Evolution SA
Hitachi Ltd
IFOAM Organics
IMACE – The European Margarine Association
Institut Bauen und Umwelt e.V.
IRTA - Institute of Research and Technology for Food and Agriculture
JEMAI - Japan Environmental Management Association for Industry
Kemin Europa
Kreab
Kuratorium für Technik und Bauwesen in der Landwirtschaft e.V.
Liège University
Lyreco
Mahou
MII
Ministry for the Environment, Poland
Ministry of Entrepreneurship and Technology of Poland
Mission of Canada to the EU
Natural Resources Institute Finland
Nova Institut
PEP Association
RWTH Aachen University
SAC – Sustainable Apparel Coalition
Saft - Recharge
SCS Global Services
Soltub Ltd
Swiss Federal Office for the Environment
TEPPFA - The European Plastic Pipes and Fittings Association
UECBV - European Livestock and Meat Trades Union
UNIEP – Union Internationale des Entreprises de Peinture
Universita Cattolica del Sacro Cuore, Milan
University of Latvia
Valsir Spa
VITO/EnergyVille
Wageningen University and Research