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COVER NOTE

from: Secretary-General of the European Commission,
signed by Mr Jordi AYET PUIGARNAU, Director

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to: Mr Uwe CORSEPIUS, Secretary-General of the Council of the European
Union

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Subject: Commission Recommendation of 9.4.2013 on the use of common methods to
measure and communicate the life cycle environmental of products and
organisations

Delegations will find attached sCommissions document C(2013) 2021 final.

Encl.: C(2013) 2021 final



Brussels, 9.4.2013
C(2013) 2021 final

COMMISSION RECOMMENDATION

of 9.4.2013

**on the use of common methods to measure and communicate the life cycle
environmental performance of products and organisations**

(Text with EEA relevance)

COMMISSION RECOMMENDATION

of 9.4.2013

on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 191 and Article 292 thereof,

Whereas:

- (1) Reliable and correct measurement and information on the environmental performance of products and organisations is an essential element in the environmental decision-making of a wide range of actors.
- (2) The current proliferation of different methods and initiatives to assess and communicate environmental performance is leading to confusion and mistrust in environmental performance information. It also may lead to additional costs for business if they are requested to measure the environmental performance of the product or the organisation based on different methods by public authorities, business partners, private initiatives and investors. Such costs reduce the opportunities for cross-border trading of green products. There is a risk that these failures on the market of green products will continue to deepen¹.
- (3) The Communication from the Commission to the Council and the European Parliament on "Integrated Product Policy - Building on Environmental Life-Cycle Thinking"² recognised the importance of addressing environmental impacts throughout the life cycle of a product in an integrated way.
- (4) The Conclusions of the Council on "Sustainable materials management and sustainable production and consumption" of 20 December 2010³ invited the Commission to develop a common methodology on the quantitative assessment of the environmental impacts of products, throughout their life cycle, in order to support the assessment and labelling of products.

¹ Impact Assessment accompanying the document Communication from the Commission on Building the Single Market for Green Products: Facilitating better and credible information on the environmental performance of products and organisations SWD(2013) 111 final.

² COM(2013) 302 final.

³ 3061st ENVIRONMENT Council meeting, Brussels, 20 December 2010.

- (5) The Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions "Towards a Single Market Act - For a highly competitive social market economy. 50 proposals for improving our work, business and exchanges with one another"⁴ outlined that possibilities would be explored for establishing a common European methodology to assess and label products, to address the issue of their environmental impact, including carbon emissions. The need for such an initiative was re-iterated in the two follow-up Single Market Acts⁵.
- (6) The Communication on "A European Consumer Agenda - Boosting confidence and growth" stressed that consumers have the right to know the environmental impacts throughout the life cycle of the products they intend to buy and they should be supported in easily identifying the truly sustainable choice. It stated that the Commission will develop harmonised methodologies to assess the life cycle environmental performance of products and companies as a basis for providing reliable information to consumers.
- (7) The Communication on "A Stronger European Industry for Growth and Economic Recovery - Industrial Policy Communication Update"⁶ mentioned that the Commission is studying the best possible ways to integrate green products and services in the Internal Market, including environmental footprinting.
- (8) In the Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions "Roadmap to a Resource Efficient Europe"⁷, the European Commission pledged to 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').
- (9) The same document invited Member States to put in place incentives that stimulate a large majority of companies to measure, benchmark and improve their resource efficiency systematically.
- (10) As a response to these policy needs, the Product Environmental Footprint and Organisation Environmental Footprint methods were developed by the Commission on the basis of existing, widely recognised methods. The Communication "Building the Single Market for Green Products" outlines a framework for developing them further and for refining the methodologies with the participation of a wide range of stakeholders (including industry, and particularly SMEs) through testing. The testing will also explore possible solutions for practical challenges such access to, and quality of, life cycle data, or cost-effective verification methods.
- (11) The final objective of the initiative is to overcome the fragmentation of the internal market as regards different available methods for measuring environmental

⁴ COM(2010) 608 final/2.

⁵ COM(2011) 206 final Single Market Act - Twelve levers to boost growth and strengthen confidence. "Working together to create new growth" and COM(2012) 573 final "Single Market Act II - Together for new growth.

⁶ COM(2012) 582 final.

⁷ COM(2011) 571 final.

performance. The Commission considers that for mandatory application further developments are necessary in order to minimise administrative burdens. As with any new method upfront costs can be expected, the Commission therefore recommends that those businesses that decide to apply the methodology on a voluntary basis, should do so after careful assessment of the impact on their competitiveness and equally Member States using the methodology should assess costs and benefits on SME's.

- (12) The Commission is working on developing sector and product category tailored approaches in line with the requirements of the environmental footprint methods, taking into account the need to address the special characteristics of complex products, flexible supply chains and dynamic markets.
- (13) By recommending the use of the environmental footprint methods to Member States, private companies and associations, operators of schemes related to the measurement or communication of environmental performance and the financial community, the current proliferation of methods and labels is expected to be reduced, benefiting both providers and users of environmental performance information. For clarification purposes, potential fields of application are listed in Annex I to this Recommendation.
- (14) The Commission notes that while this initiative focuses on environmental impacts, in the global context also other performance indicators, such as economic and social impacts, as well as labour practice concerns play increasingly important roles, and have also trade-offs. The Commission will follow closely these developments and other international methodologies (such as the Global Reporting Initiative/Sustainability Reporting Guidance).
- (15) Most SMEs lack the expertise and resources to address the requests for life cycle environmental performance information. Therefore, support to SMEs should be provided by Member States and industrial associations.
- (16) Complementary to the pilot phase supporting tools will be developed (such as quality criteria for LCA databases, data management systems, scientific arbitration, compliance and verification systems, coordination authorities) at European Union and Member States levels so as to contribute to the achievement of the policy objectives. The Commission, aware of the global market, and will keep international organisations informed about this voluntary initiative.

HAS ADOPTED THIS RECOMMENDATION:

1. PURPOSE AND SCOPE

- 1.1. This Recommendation promotes the use of the environmental footprint methods in relevant policies and schemes related to the measurement or communication of the life cycle environmental performance of products or organisations.
- 1.2. This Recommendation is addressed to Member States, and to private and public organisations that measure or intend to measure the life cycle environmental performance of their products, services or their organisation, or communicate or intend to communicate life cycle environmental performance information to any private, public and civil society stakeholder in the Single Market.
- 1.3. This Recommendation does not apply to the implementation of EU mandatory legislation that foresees a specific methodology for the calculation of the life cycle environmental performance of products.

2. DEFINITIONS

For the purposes of this Recommendation, the following definitions apply:

- (a) Product Environmental Footprint (hereinafter PEF) method: general method to measure and communicate the potential life cycle environmental impact of a product as laid down in Annex II.
- (b) Organisation Environmental Footprint (hereinafter OEF) method: general method to measure and communicate the potential life cycle environmental impact of an organisation as laid down in Annex III.
- (c) Product Environmental Footprint: result of a Product Environmental Footprint study based on the Product Environmental Footprint method.
- (d) Organisation Environmental Footprint: result of an Organisation Environmental Footprint study based on the Organisation Environmental Footprint method.
- (e) Life cycle environmental performance: quantified measurement of the potential environmental performance taking all relevant life cycle stages of a product or organisation into account, from a supply chain perspective.
- (f) Communication of life cycle environmental performance: any disclosure of life cycle environmental performance information, including to business partners, investors, public bodies or consumers.
- (g) Organisation: a company, corporation, firm, enterprise, authority or institution, or part or combination thereof, whether incorporated or not, public or private, that has its own functions and administrations.
- (h) Scheme: for-profit or not-for-profit initiative taken by private companies or an association thereof, by a public-private partnership or by non-governmental

organisations that requires the measurement or communication of life cycle environmental performance.

- (i) Industrial association: organisation representing private companies that are members of the organisation or private companies belonging to a sector at local, regional national or international level.
- (j) Financial community: all actors providing financial services (including financial advice), including banks, investors and insurance companies.
- (k) Life cycle data: life cycle information of a specified product, organisation or other reference. It covers descriptive metadata and quantitative life cycle inventory as well as life cycle impact assessment data.
- (l) Life cycle inventory data: quantified inputs and outputs for a product or organisation throughout its life cycle, either specific (directly measured or collected) or generic (not directly measured or collected, average) data.

3. USE OF THE PEF AND OEF METHODS IN MEMBER STATES' POLICIES

Member States should:

- 3.1. Use the PEF method or the OEF method in voluntary policies involving the measurement or communication of the life cycle environmental performance of products or organisations, as appropriate while ensuring that such policies do not create obstacles to the free movement of goods in the Single Market
- 3.2. Consider life cycle environmental performance information or claims based on the use of the PEF method or the OEF method as valid in relevant national schemes involving the measurement or communication of the life cycle environmental performance of products or organisations.
- 3.3. Make efforts to increase the availability of high quality life cycle data by setting up actions to develop, review and make available national databases and contributing to populating existing public databases, based on the data quality requirements set up in the PEF and OEF methods.
- 3.4. Provide assistance and tools for SMEs to help them measure and improve the life cycle environmental performance of their products or organisation based on the PEF or the OEF method.
- 3.5. Encourage the use of the OEF method for measuring or communicating the life cycle environmental performance of public organisations.

4. USE OF THE PEF AND OEF METHODS BY COMPANIES AND OTHER PRIVATE ORGANISATIONS

Companies and other private organisations deciding to measure or communicate the life cycle environmental performance of their products or organisation should:

- 4.1. Use the PEF method and the OEF method for the measurement or communication of the life cycle environmental performance of their products or organisation.
- 4.2. Contribute to the review of public databases and populate these with high quality life cycle data at least equivalent to the data quality requirements set up in the PEF or OEF methods.
- 4.3. Consider providing support to SMEs in their supply chains to provide information based on PEF and OEF and to improve their organisations' and their products' life cycle environmental performance.

Industrial associations should:

- 4.4. Promote the use of the PEF method and the OEF method among their membership.
- 4.5. Contribute to the review of public databases and populate these with high quality life cycle data at least equivalent to the data quality requirements set up in the PEF or OEF methods.
- 4.6. Provide simplified calculation tools and expertise to help SME members calculate the life cycle environmental performance of their products or organisation based on the PEF method or the OEF method.

5. USE OF THE PEF AND OEF METHODS IN SCHEMES RELATED TO THE MEASUREMENT OR COMMUNICATION OF LIFE CYCLE ENVIRONMENTAL PERFORMANCE

Schemes related to the measurement or communication of life cycle environmental performance should:

- 5.1. Use the PEF method and the OEF method as a reference method for the measurement or communication of the life cycle environmental performance of products and organisations.

6. USE OF THE PEF AND OEF METHODS BY THE FINANCIAL COMMUNITY

Members of the financial community should, if appropriate:

- 6.1. Promote the use of life cycle environmental performance information calculated on the basis of the PEF method or the OEF method in the assessment of financial risk related to life cycle environmental performance.
- 6.2. Promote the use of information based on OEF studies in their assessment of performance levels for the environmental component of sustainability indices.

7. VERIFICATION

- 7.1. If PEF and OEF studies are to be used for communication purposes, the studies should be verified according to the review requirements of the PEF and OEF methods.
- 7.2. The verification should be based on the following guiding principles:
 - (a) a high degree of credibility for the measurement and communication;
 - (b) proportionality of the cost and benefit of the verification to the intended use of PEF and OEF results;
 - (c) verifiability of the life cycle data as well as the traceability of products and organisations.

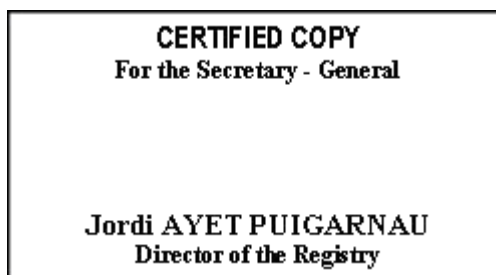
8. REPORTING ON THE IMPLEMENTATION OF THE RECOMMENDATION

- 8.1. Member States are invited to inform the Commission of actions taken in light of this Recommendation on a yearly basis. The first provision of information should be transmitted one year after the adoption of this Recommendation. Information transmitted should include:
 - (a) How the PEF method and the OEF method are used in policy initiative(s);
 - (b) number of products and organisations covered by the initiative;
 - (c) incentives related to life cycle environmental performance;
 - (d) initiatives related to the development of high quality life cycle data;
 - (e) assistance provided to SMEs in the provision of life cycle environmental information and in improving their life cycle environmental performance;

(f) eventual problems or bottlenecks identified with the use of the methods.

Done at Brussels, 9.4.2013

For the Commission
Janez POTOČNIK
Member of the Commission



ANNEX I

POTENTIAL FIELDS OF APPLICATION OF PEF AND OEF METHODS AND RESULTS

Potential fields of application for the PEF method and PEF results:

- optimisation of processes along the life cycle of a product;
- support of product design minimising environmental impacts along the life cycle;
- communication of life cycle environmental performance information on products (e.g. through documentation accompanying the product, websites and apps) by individual companies or through voluntary schemes;
- schemes related to environmental claims, in particular ensuring sufficient robustness and completeness of claims;
- reputational schemes giving visibility to products that calculate their life cycle environmental performance;
- identification of significant environmental impacts in view of setting criteria for ecolabels;
- providing incentives based on life cycle environmental performance, as appropriate.

Potential fields of application for the OEF method and OEF results:

- optimisation of processes along the whole supply chain of an organisation's product portfolio;
- communication of life cycle environmental performance to interested parties (e.g. through Annual Reports, in sustainability reporting, as a response to investor or stakeholder questionnaires);
- reputational schemes giving visibility to organisations calculating their life cycle environmental performance, or to organisations improving their life cycle environmental performance over time (e.g. year on year);
- schemes requiring reporting on life cycle environmental performance;
- as a means to provide information on life cycle environmental performance and the reaching of objectives in the framework of an environmental management system;
- providing incentives based on improvement of life cycle environmental performance as calculated based on the OEF method, as appropriate.