Unilever

Unilever's view on the Product Environmental Footprint (PEF) as a consumer information tool

Introduction

Unilever believes that pivoting to a new low-carbon, circular economy is the way forward to thrive within the limits of the planet. Driving systemic change, while making it easier for consumers to opt for brands that are both good for people and the planet, is at the heart of our multi-stakeholder strategy. It's our mission to *"Make Sustainable Living Common Place"* for the 2.5 billion consumers we serve every day in the European Union and across the globe.

As a company, we are committed to using our technology and scale to drive this agenda and support the wider ambitions of the *European Green Deal*. We have been one of the leading corporate voices endorsing the EU's 2030 emissions reduction target and have publicly landed our support on multiple occasions.

Last year we unveiled a game changing commitment to achieve Net Zero emissions from all our products by 2039. We believe that transparency about carbon footprints will be an accelerator in the global race to zero emissions, and it is our ambition to communicate the carbon footprint of every product we sell.

Supporting our shared ambitions

Unilever has called on all governments to set ambitious net-zero targets, as well as short term emissions reduction targets, supported by enabling policy frameworks such as carbon pricing.

We therefore whole-heartedly back the European Commission's *Circular Economy Action Plan* including the objective to empower consumers[1] for a green transition by providing brand and product performance information through claims and sustainable product ratings. We strongly believe this work should be carried out at European level to protect the EU Single market.

We agree that the use of Life Cycle Assessment (LCA), an internationally recognized scientific methodology to measure the environmental impact of products, has the potential to prevent the proliferation of different methodologies used to substantiate green claims and to help define sustainable product rankings[2].

Through our unique portfolio of beauty and personal care, foods and refreshment, and homecare products, we have developed a leading edge capability in

[1] Consumer empowerment is at the heart of what we do. This is why we were one of the first companies to start publishing a full ingredient list for our homecare and beauty & personal care products in 2017.

[2] A recent article in Het Financiele Dagblad quoted the Dutch Consumer Association pointing out *"the jungle" of labels and certification schemes, with 256 serious schemes and 900 "fake" ones.*

environmental footprint methodologies, also making contributions to methodological advancements over several decades[3].

Our Unilever experts are very familiar with *the Product and Organisation Environmental Footprint (PEF/ OEF)* methods having worked on the pilot for liquid detergents and the shadow pilot for shampoos via our respective trade associations[4].

In a nutshell

While we believe reliable environmental information is key to empower consumers to make more sustainable choices, we would constructively like to raise some issues about the use of the PEF method to truly deliver on our shared ambitions:

- The PEF methodology is not equally robust for all the 16 impact categories covered.
  - ⇨ A methodology with a core number of mature indicators would be preferrable.
- The PEF review processes, and data gathering are very burdensome which makes it difficult to apply at scale and de facto excludes SMEs and start-ups.
  - ⇨ Checks should be based on processes (assurance) rather than results (control).
- PEF Category Rules (PEFCRs), which could allow for product comparison, are subject to a lengthy process and are not easily applicable to all categories.
  - ⇨ Sectoral initiatives should be encouraged to define the appropriate comparison framework and relevant categories based on consumers' daily lives.
- It is yet unclear how consumers perceive PEF results on products and if this serves the purpose of empowering them to make better choices.
  - ⇨ Additional pilots and real-life tests must be conducted before a consumer scheme is adopted.
- PEF needs to be seamlessly connected to other elements of the Green Deal.

[3] More information on our experience and recent contributions to advancing environmental footprint and related methodologies can be found at: https://tt21c.org/sustainability/

[4] https://www.aise.eu/our-activities/sustainable-cleaning-78/product-environmental-footprint.aspx

Deep-dive

Recommendation 1: Improve methodological flexibility, robustness and fit-for-purpose applications

The development of the PEF method represents a significant advancement in standardising LCA for use in policy-making. However, **the current technological complexity and large data demands make the use of LCA for routine product assessment very challenging.**

- **CHALLENGE – Uneven robustness of impact calculation methods:** PEF-LCAs require inclusion of 16 'impact categories' (Unilever typically uses 8), but the methodologies for calculating the environmental impacts vary significantly in terms of their robustness and informational value. Scoring based on the full 16 indicators, or a subset which may include some of the categories with less mature methodologies, will ultimately impact the quality and credibility of the final results, especially if the end result is an aggregate of these categories – as implied in the product ranking.
- **UNLOCK – A reduced set of impact categories** would provide a focused evidence base for consumer information. Optional characterisation of additional (less mature) impacts could be facilitated, but their results should be presented separately to avoid compromising the quality and credibility of overall product scoring.
- **UNLOCK - Incorporation of new methodologies:** Scientific advancements will offer improvements to LCA and footprinting approaches over time, likely harnessing new digital technologies and data sources. Mechanisms for review and adoption of such advances need to be elaborated as a matter of urgency. This will help to build robustness and confidence in the less mature impact categories over time, as well as averting stagnation or collapse of Europe's current leading research position in the field of environmental impact assessment.
- **CHALLENGE – Requirements for peer review and approval of individual PEF-LCA results** as the basis for claims will be extremely expensive, time consuming and cumbersome, effectively excluding SMEs and start-ups from participating.
- **UNLOCK – A move from approving the results (control) to one in which the process of conducting the LCA is checked (assurance)** will reduce costs and increase flexibility of application.

In short: Greater flexibility in the methodology can be achieved through:

- Fewer and more robust impact categories to be agreed based on consultation or relevance to the product category
- Mechanisms for methodological updates to reflect scientific advancements

- Less burdensome review processes for PEF-LCA studies: moving from approving the results (control) to one in which the process of conducting the LCA is checked (assurance)

Recommendation 2: Improve data availability, affordability, and robustness

The EU approach should ultimately incentivise companies to make meaningful environmental changes. To that end we believe **the currently proposed PEF data availability should be radically improved. The process by which this is done should be simplified to promote flexibility and speed.**

- **CHALLENGE - Limited data availability**: The current EU approved datasets are very limited and include significant data gaps. As a result, most products in any given category are likely to receive very similar scores, defeating the purpose of empowering consumers and incentivising companies to make meaningful changes.
- **UNLOCK - Shared industry efforts** to develop aggregated data sets (of which there are many examples) need to be maintained and encouraged by removing conditions for full company-specific disaggregation of data as seems to be the requirement in the current proposal. This will enable industry and smaller players to manage costs together.
- **CHALLENGE - Barriers for adding new data**: The data format rules and requirement for approval of individual, disaggregated datasets are extremely expensive, time consuming and cumbersome. They could also be inhibited by commercial confidentiality concerns. The high costs and complexity related to individual data collection, maintenance, updates and peer review would effectively exclude SMEs and start-ups from participation under the proposal.
- **UNLOCK - A process-based assurance** for data quality, with more flexibility on data formats would be more efficient and cost-effective. It would potentially allow for classification of a greater proportion of existing datasets in commercial / open-source databases as 'PEF-compliant'. This would also motivate organizations to (continue to) invest in data acquisition for gap-filling.

In short: Greater flexibility in the approval and use of life cycle data can be achieved through:

- Shared industry efforts to develop aggregated data sets to reduce costs and make it accessible for SMEs and start-ups
- A process-based assurance for inclusion of *new* data

Recommendation 3: Allow for meaningful comparisons

Product categories must be broadly defined to allow for meaningful shifts in consumer behaviour. As product rankings are only allowed for products within the same category the definition of product category groupings is therefore critical.

- **CHALLENGE – The reference timeline for developing a PEF category rule** (PEFCR) including consultation phases, validation, peer review, data acquisition and approval is 27 months minimum. A PEFCR is only valid for 36 months and then needs to be reviewed/updated.
- **UNLOCK - Sectorial trade associations should be encouraged to develop a consumer relevant framework** from which specific product groupings (PEFCR) can be agreed in a consistent and time efficient way. For instance, the framework should allow for groupings which enable comparison of a plant-based version of a given product with the traditional product (e.g., oat milk vs cow's milk). This will allow the consumer to compare them against each other, as they already do in real life.
- **UNLOCK - True partnership and collaboration** between the different European Commission services, industry and consumer representatives are recommended to develop meaningful consumer relevant frameworks for product groupings.

In short: Meaningful product comparisons can be achieved through:

- Longer time periods of validity to avoid companies being caught up in constant revalidation and approval cycles.
- Close collaboration between the European Commission and sectorial trade associations[5] to guide the development of a PEF-equivalent framework, including the definition of appropriate product groupings and rules, based on real life consumer behaviour.
- True partnership and collaboration between policy-makers, industry and consumer representatives to ensure we really empower consumers and provide the information that resonates with them.

[5] Leveraging existing insights from trade associations, such as AISE, the International Association for Soaps, Detergents and Maintenance, and activate similar work within FoodDrinkEurope (vs sub-sectorial associations).

Recommendation 4: Avoid uncertainty by investing in more pilots and consumer-facing tests

We strongly believe we should test any new scheme with consumers in real-life settings to ensure we account for consumer perspectives and design implementation that will resonate and drive sustainable choices. Pilots should also be carried out for products which have not yet been tested.

- **CHALLENGE – No pilots have been conducted on composite foods** despite making up the larger part of European consumers' diets. To date, food pilots have been run on simple, single ingredient foods such as milk, pasta, coffee, meat or olive oil. Applying the PEF framework to composite products made of multiple ingredients will be much more complex and resource consuming.
- **UNLOCK – Pilots for composite foods** will likely surface some of the challenges and help generate improvements as outlined under recommendations 1, 2 and 3 above.
- **CHALLENGE – No consumer testing in real life settings** was carried out in the previous pilots.
- **UNLOCK – Consumer testing for a variety of products** would ascertain the types of information that resonate with the consumer and that would help to drive sustainable purchase behaviours.

In short: Uncertainty in businesses' use and consumers' understanding can be mitigated through:

- Pilots on a wider range of (composite food) products, reflecting the daily lives of European consumers.
- Real-life setting tests in supermarkets

Recommendation 5: Align with other EU policy objectives

Finally PEF needs to be seamlessly connected to other elements of the *Green Deal* so all of them can drive change in the same direction.

Through the pilot which we carried out on liquid laundry detergents we noticed that products would score better if diluted. However, adding more water would increase our **packaging and plastic footprint** and increase emissions during transport, which would go against some of the key objectives of the ***Circular Economy Action Plan*** and the broader 2030 EU decarbonisation target.

Sharing Unilever expertise

Unilever shares the objective of the European Commission to develop a scheme that supports innovation and systemic change, is workable for all sizes and meets our shared sustainability objectives. Above all, it should make it easier for consumers to make choices towards enabling sustainable living.

The current PEF proposal still has a way to go to deliver these objectives. It is in that spirit that we would like to offer the help of our experts (scientists, sustainability, consumer insights and others) to further improve issues around workability, cost, and resource efficiency.

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