Position paper on sustainability labelling & the Planet-score

September 2022

IFOAM ORGANICS EUROPE

20 YEARS

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Executive summary

IFOAM Organics Europe supports fighting greenwashing by substantiating green claims and supports the European Commission's intention to increase visibility of the environmental impact of food production and consumption. IFOAM Organics Europe's concern lies in (a) the relevance of the methodology chosen to measure the environmental impact of food products, and its capacity to take into account positive and negative externalities of different food production methods, and (b) to what extent methodological choices behind a sustainability label have an impact on the signals sent to consumers and reflect different visions of (future) agri-food systems. Research[1] has shown that the method that will underpin the sustainability[2] labelling will determine the direction of travel in terms of going towards more or less sustainable food systems. At this stage and without any corrections, the life cycle analysis (LCA) methodology, at the basis of the Product Environmental Footprint (PEF), leads to "continuity with the current intensive system"[3]. IFOAM Organics Europe suggests using the PEF as a basis, but to correct, update and complement this methodology for it to support a true transition towards more sustainable food systems. The Planet-score is a methodology that is partly based on PEF, but updated and complemented with additional indicators, and has been proven to support such a transition.

[2] IDDRI, 2021. Environmental food labelling: revealing visions to build a political compromise. Available here.
[3] IDDRI, 2021. Environmental food labelling: revealing visions to build a political compromise. Available here.

1 Organic's potential in the current political context

1.1 Political context

The European Green Deal (EGD) published in December 2019 sets the direction for a climate neutral EU by 2050. Several initiatives were published between then and now to support the objectives of the EGD, the Farm to Fork (F2F) and the Biodiversity strategies being the most relevant in this context. The aim of the F2F strategy is to comprehensively address the challenges of sustainable food systems. The F2F strategy "recognises the inextricable links between healthy people, healthy societies and a healthy planet". Among the objectives of the Farm to Fork strategy are an increase in organic farmed land in the EU, a reduction of the use of pesticides, fertilisers and antibiotics, and the improvement of animal welfare. The EU strategy on Biodiversity also calls for 25% organic land by 2030, as one of the main ways to improve the impact of agriculture on biodiversity.

In terms of environmental labelling and claims, the Commission is working on two different yet related initiatives: (1) Examine ways to harmonise voluntary green claims; (2) Create a sustainable labelling framework that covers, in synergy with other relevant initiatives, the nutritional, climate, environmental and social aspects of food products. The former initiative is led by DG ENV and is set to be published in July 2022 as a "Regulation for substantiating claims based on PEF/OEF", while the latter initiative is led by DG SANTE and is currently under development. This initiative on sustainability labelling will likely be embedded in the proposal for a legislative framework on sustainable food systems expected in 2023. While the initiatives on substantiating green claims and sustainability labelling do not have the same goal – to fight greenwashing and to provide more information about the impact on sustainability of a certain food product, respectively – they are linked and discussions regarding the former will inevitably concern the latter. Indeed, DG SANTE is likely to at least be inspired by the work carried out by DG ENV on PEF for the sustainability label initiative.

The environmental and societal context are developed upon in Annex 1.

1.2 How does organic deliver?

Organic agriculture is based on the organic principles of health, ecology, fairness and care. Having a holistic view is intrinsic to the concept of the organic movement that made it its overarching goal to create sustainable food systems for healthy farms, healthy people and a healthy planet. Organic farming offers a way of approaching current health, environmental and social challenges taking their complexity into account and promoting a systemic approach. This is essential to reduce GHG emissions, help the agricultural sector to adapt to climate change, support healthy ecosystems, while paying a fair price to farmers. More information on the benefits of organic farming is available in Annex 2.

2 What should a sustainability label look like?

IFOAM Organics Europe supports both the Commission's intentions of fighting greenwashing (through the substantiating green claims regulation, as well as the intention of providing more information to consumers regarding the sustainability of food products (through sustainability labelling). Organic agriculture has been regulated at EU level since 1991, it is a European project and the leading sustainable model in food production to transition towards sustainable food systems, in all dimensions. Additional sustainability labels on food should not undermine the organic label or create confusion among consumers. IFOAM Organics Europe's main concern lies with the methodology that will underpin these initiatives. Importantly, the method of production accounts for 83% of the environmental impacts of food products, and different production methods can have fewer or more impacts on the environment and society (e.g. due to greenhouse gas emissions, biodiversity loss, animal welfare, deforestation). These dimensions should be considered adequately when measuring environmental performance.

Moreover, the Commission currently envisages to cover "nutritional, climate, environmental and social aspects of food products" with the sustainability label. IFOAM Organics Europe strongly believes that this label should not be presented to consumers as one aggregated score, but rather, different components that contribute to sustainability must be clearly discerned by consumers.

For IFOAM Organics Europe position on nutrition labelling, please see here.

2.1 General characteristics a sustainability label ought to have

At the moment, environmental labelling and industry action on the environment and climate are strongly driven by narrowly focused efficiency criteria rather than a whole system approach. A sustainability label should support the transition towards more sustainable food systems, through a multi-dimensional approach that tackles the

complexity of food systems and that fully takes into account externalities and planetary boundaries, instead of supporting further intensification without taking into account the full spectrum of environmental impacts – both positive and negative.

2.1.1 Support the transition towards more sustainable food systems and a multi-dimensional agroecological approach

IFOAM Organics Europe understands the idea of a sustainability label and supports the European Commission's intentions to increase visibility of the environmental impact of food production and consumption. IFOAM Organics Europe's concern lies into what extent methodological choices behind a sustainability label have an impact on the signals sent to consumers and reflect different visions of (future) agri-food systems. Indeed, **this methodological choice is an important political choice**. Research[4] in France has shown that the method that will underpin the sustainability label (PEF and Life-cycle analysis (LCA), EcoScore, Planet-score in this case) will determine the direction of travel in terms of going towards more or less sustainable food systems. At this stage and without any corrections, the LCA methodology leads to "continuity with the current intensive system"[5].

In light of the above, the first and foremost characteristic that a sustainability label ought to have is to be in line with the transition towards more sustainable food systems as per the Farm to Fork and Biodiversity strategies. Specifically, a sustainability label must encourage consumers and companies to move towards more organic products, that use fewer pesticides, fertilisers, and antibiotics, and that respect the welfare of animals. We will see below that at this moment, the method that is more likely to be used as a basis for substantiating green claims and probably the sustainability label – the Product Environmental Footprint, based on LCA – tends to do the opposite and rather supports products that come from intensive production systems. Moreover, animal welfare is not taken into consideration through the PEF.

2.1.2 Be based on science, real-life evidence and support the principles of a circular economy

A sustainability label must rely on the latest and most robust scientific evidence available, such as recent articles on sustainable and circular agri-food scenarios at the European scale, scientific works on One Health issues, IPCC and IPBES reports. In addition, such a label should support the direction and aims of the circular economy, i.e. a systems solution framework that tackles global challenges like climate change, biodiversity loss, waste, and pollution[6]. The European Commission recently published the Circular Economy Action Plan, which *inter alia* aims to make sustainable products the norm in the EU, to empower consumers and public buyers and to ensure less waste.

2.1.3 Beyond the environment

The Farm to Fork strategy rightly mentions that the future sustainability label shall cover "the nutritional, climate, environmental and social aspects of food products". IFOAM Organics Europe believes that consumers should indeed have reliable and unbiased information about all these aspects. While labelling is indeed a tool that supports consumers in being better informed, the essential role of education and raising awareness of different methods of production from a young age must be recognised.

Regarding social aspects, IFOAM Organics Europe would like to emphasize that social considerations should go beyond animal welfare, as seems to be currently considered by the Commission. Providing information about the method of production is certainly important, but human rights, fair pay, as well as workers' and employees' working conditions are an essential part of the social dimension of the agri-food system. Ideally, these aspects would be covered by legislation, as products sold on the market must and should comply with welfare rules. The integration of this social dimension must be carefully thought through and designed, starting with a better enforcement of existing legislation.

Also, in the spirit of a holistic transition towards sustainable food systems, it would be important to look at the working conditions and the ingredients used in a company as a whole, and not focus only on a certain specific product. This would ensure that companies strive for better working conditions and more sustainable and nutritious ingredients on all their operations.

[4] Same as Footnote 3.

[5] Same as footnote 5.

[6] Ellen MacArthur Foundation, available here.

2.2 Shortcomings of the Product Environmental Footprint (PEF)

IFOAM Organics Europe shares the views of 87% of EU citizens that agree that there should be stricter rules when calculating environmental impact and related environmental claims[7]. The question is how exactly this can be achieved.

The Product Environmental Footprint (PEF) is a methodology that aims to evaluate the environmental impact of a certain product, food and non-food. This tool is based on a life cycle analysis (LCA) and the European Commission (DG ENV and the Joint Research Centre) has been developing it for around 10 years [8]. While this method works well for manufactured goods, like electricals, this product-focused tool is not capable, as per its conception, to account for the environmental impact within the complexity of agri-food systems. Indeed, when applied to more complex agri-food systems, the LCA methodology, and therefore also the PEF, tend to favour more intensive systems, which may have higher yields but also higher impacts per unit area. For instance, landscapes with smaller fields, hedges and high crop diversity favour biodiversity and ecosystem services while increasing agricultural resiliency, but the PEF methodology is not adequate to capture the positive effects of such landscapes[9].

LCA assesses organic and other agroecological systems inadequately for three reasons: (1) a lack of operational indicators for three key environmental issues – land degradation, biodiversity loss and pesticide effects; (2) a narrow perspective on functions of agricultural systems; and (3) inconsistent modelling of indirect effects[10].

As such, the PEF does not adequately account for the environmental impact of food products when it comes to positive and negative externalities. The PEF can differentiate the environmental impact between food categories, but not within food categories. This is because the PEF does not differentiate well between the impact of different methods of production. For instance, an apple with the least environmental impact will have the same final score (an A) as an apple with the highest environmental impact. As such, the PEF does not provide any incentives to produce in a more environmentally friendly way.

IFOAM Organics Europe has summarized this and other concerns about the PEF in this position paper.

The PEF methodology applied to food products has been criticised by civil society in this letter, which specifies that "the PEF as it currently stands is not suited for measuring the environmental performance of bio-based products such as food products". Moreover, an increasing number of retailers and processors are seeing the limitations of the PEF and starting to test alternative methods[11].

2.3 Correcting, updating, and complementing the PEF: A "PEF+" approach

The question of whether it would be easier to create a sustainability label that is not underpinned by life-cycle analysis (or the PEF) is a complicated one to respond to. This is because the life-cycle analysis is such an established way to calculate the environmental impact of manufactured products that it seems to be the privileged method by public authorities, also in the context of agri-food products. Should this not be the case, one could envisage thinking of a label underpinned by other methodologies, but this process would likely be time-consuming. As such, it seems that a potential future sustainability label may be underpinned by LCA – at least partly, and this part must not be predominant for bio-sourced products. However, as highlighted above, the LCA on its own and especially with a massic (per kg) functional unit is not adequate to reflect the complexities of the agri-food system and score the environmental performance of bio-based products. Specifically, possible ways forward that go beyond an LCA only approach would be to add additional indicators that reflect externalities and especially biodiversity loss, as well as taking into account the broader, systems approach perspective, instead of focusing on a product-approach[12].

Therefore, there is a need for the PEF to go beyond an LCA only approach and use other methodologies that complement LCA – in other words, a "PEF+" approach, i.e. a holistic approach complemented with PEF.

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[7] Eurobarometer 501, 2020. *Attitudes of Europeans towards the Environment*. Available here.

[8] European Commission website on the PEF here.

[9] Werf et al., 2020. Towards representation of organic agriculture in life cycle assessment. *Nature sustainability.* Available here.

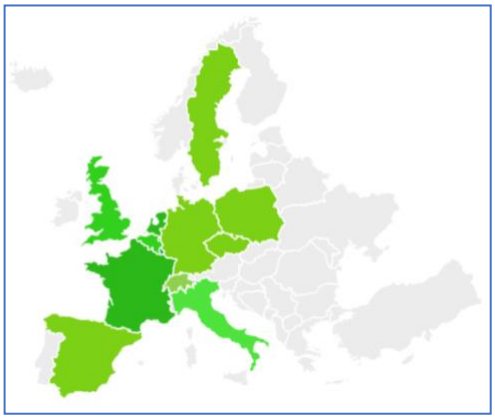
[10] Same as footnote 9

[11] Companies and brands using Planet-score here.

[12] Same as footnote 9

2.4 The Planet-score

There are few existing initiatives that go beyond LCA and that also support the agro-ecological transition, in line with the Farm to Fork strategy objectives. An example of one of these initiatives is the Planet-score[13] that was developed in France and is currently being tested in several Member States. While the Planet-score is, like LCA and PEF, in continuous improvement, it already more accurately evaluates the true environmental impact of food products compared to other existing methodologies, as it better considers externalities such as biodiversity, use of pesticides, impacts of animal farming density on local carrying capacities, ecological resilience of farming systems.



The debate around sustainability labelling in France is more advanced than at the EU level, or in other Member States. Indeed, the "loi Climat" foresees for the French government to choose a mandatory sustainability label by 2023. Given that the existing methods seemed to mostly favour a continuation of the current intensive system, the institute of organic agriculture (ITAB) and other actors in France have joined forces to put together a methodology and a label that would reflect the true environmental impact of food products. As such, the institute of organic agriculture (ITAB) worked with Sayari, a consulting company with expertise on biodiversity and LCA, and Very Good Future, a consultancy specialised in consumer issues to create the Planet-score. During its development, Planet-score gathered support and expertise from many more actors at the French level, including UFC Que Choisir (consumer association), Synabio (French organisation of organic processors and traders), WWF France, CIWF France, Greenpeace to name but a few. Moreover, the Planet-score is expanding outside of France, e.g. Germany, Belgium, Spain, Italy, Netherlands, Poland, Norway, the UK[14]. Currently about 170 companies are testing the Planet-score, and more than 15000 products have been scored with the Planet-score.

The Planet-score is based on life-cycle principles, with **two <u>fundamental</u> modifications vs. Life Cycle Assessment methods (LCA)** : (1) an updated and corrected method when it comes to certain indicators which LCA does not correctly take into account when it comes to bio-sourced products[15], (2) a series of additional indicators to reflect those externalities that are not sufficiently taken into account in the LCA methodology (pesticides, biodiversity, environmental carrying capacity, and non-linear environmental effects due to animal density for instance) through an additional external KPIs system which considers elements such as deforestation, agricultural practices, GMOs, pesticides, antibiotics, carbon sequestration, and the environmental policy of the country of origin.

Consumers seem to prefer an approach that does not focus solely on an overall score (A, B, C, D, E) but also clearly represents certain key impacts when it comes to agri-food products such as pesticides, biodiversity, climate and animal welfare. A study carried out in 2022 on a representative sample of the French population composed of 1,000 consumers showed that nearly two thirds of consumers prefer an approach such as the Planet-score to labels that show only a final score, such as the EcoScore (12%), or labels that show indicators which are less significant (25%)[16]. This was the third consumer study in France within 18 months showing the same consistent results.

[13] More information [in French for now] on the Planet-score available here.

[14] "Le Planet-score à la conquête de l'Europe" article Pleinchamp (only in French), available here.

[15] An example of updated indicator would be to update N2O values in accordance with the latest IPCC data. Currently the effects of N2O are being underestimated in the PEF due to obsolete emission factors (dated 2006 instead of 2019 for the latest IPCC version implemented in the Planet-score). The same goes for land use and ammonia emissions modifications, for example.

[16] Planet-score, 2021. Consumers prefer the Planet-score. Available here.

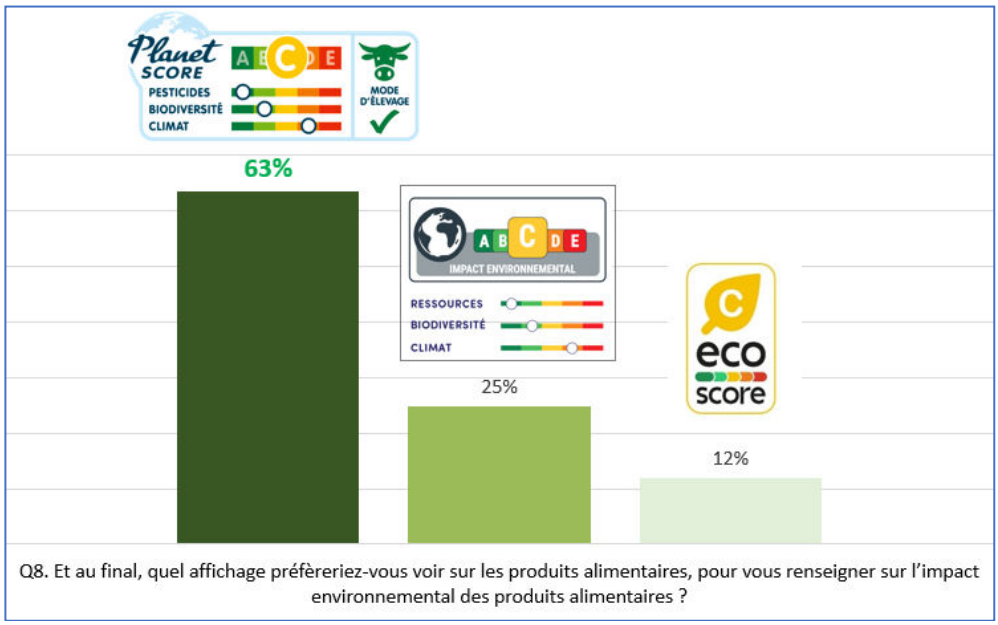


Figure 1: Results of a French consumer study conducted in 2022. Question asked "which labelling method would you prefer to see on food products, to be better informed about the environmental impact of food products?[17]

3 Sustainability labelling should be integrated in a comprehensive policy strategy

IFOAM Organics Europe believes that labelling is only one instrument to guide companies towards producing more truly sustainable products and consumers towards being able to choose a more sustainable product easily. Labels need to be designed within a holistic food policy approach, where policies are developed coherently. Indeed, to support and enable citizens to make the healthier and more sustainable choice, a change in food environments[18] is needed. This can only be done through an appropriate policy strategy[19], which focuses on raising citizens' awareness, from a very young age, about the impacts of different methods of production, as well as implementing reduced or increased taxation of some products based on their environmental impact, a true cost accounting framework, the use of public finance as support of sustainable methods of production etc.

In any case, a sustainability label must not be designed separately and independently of other initiatives but must be embedded in the sustainable food systems framework and more broadly, the European Green Deal. In that way, it needs to build on initiatives or labels that are recognized by consumers, NGOs and independent institutions to guarantee a high level of sustainability, such as the organic label. It should be ensured that greenwashing is not possible, and that unsustainable production systems do not score the same or better compared to more sustainable and extensive production systems.

[17] More information available here, under "étude consommateurs et témoignages d'entreprises".

[18] The Food Policy Coalition has put together a paper on what is at stake when it comes to food environments and how to improve them, available here.

[19] Transitioning towards sustainable food systems in Europe, FoEE, EPHA, Slow Food and IFOAM Organics Europe, available here.

Annex 1 : Environmental and societal context

The recently published IPCC report[20] stresses that "climate change has caused substantial damages, and increasingly irreversible losses, in terrestrial, freshwater and coastal and open ocean marine ecosystems". The way we produce our food can have tremendous impacts on the environment and biodiversity. Indeed, the world food systems are responsible for more than one-third of global greenhouse gas emissions according to the FAO[21]. This estimate includes emissions from production to consumption, including processing, transport and packaging, with the largest contribution coming from agriculture and land use/land-use change activities (71%). Other studies place the world food system's share of GHG emissions at 44-57%[22], where deforestation and farming are seen as the most significant contributors, 15-18% and 11-15% respectively. In the EU, 30% of EU greenhouse gas emissions come from the food system, which produces 2 tons of carbon dioxide equivalent (CO2eq) emissions per person every year[23].

In addition, the global food system is the primary driver of biodiversity loss, caused by the conversion of natural ecosystems for crop production or pasture which led to habitat loss[24], and by the simplification of agriculture landscapes and loss of biodiversity infrastructures (e.g. hedges) induced by increasingly large monocultures. Biodiversity loss has devastating effects on the environment and society by compromising the pollination of many food crops, and therefore threatening future yields and costing about 3% of global GDP annually[25].

With the exception of organic farming and potentially other agroecological practices, most agricultural practices currently rely on the use of synthetic pesticides and fertilisers. Synthethising these substances leads to CO2 emissions and using these substances has effects on the decline of pollinators and biodiversity, soil pollution, ground water pollution, as well as health concerns for farmers, consumers and citizens that come in contact with such substances. It is estimated that the public expenditure covering water treatment and the treatment of occupational diseases caused by pesticides exceeded 1.9 billion euros in 2017 in the EU alone, without considering the at least 390 million euros per year in public financial support to the sector granted by Member States[26].

Consumers are increasingly aware of the threats of climate change and biodiversity loss, and of the role that they can play in the context of environmental protection. Indeed, in an EU wide survey, 94% of respondents declared that protecting the environment is important to them personally and 68% agree that their consumption habits adversely affect the environment in Europe and the rest of the world[27]. At the European level, 88% of consumers believe that information on sustainability should be compulsory on food labels, demonstrating a will from EU consumers to have a broader approach about food labelling than one focusing solely on one dimension of sustainability.

Annex 2: How does organic deliver?

Biodiversity

Biodiversity is an important basis for the functioning of many ecosystem processes and functions. Through synergies, organic farming delivers benefits for healthy soils and biodiversity protection. Several studies show that organic farming promotes species diversity, the number of individuals and the reproduction rates of wild

[20] Intergovernmental Panel on Climate Change, 2022. Climate change 2022 – Impacts, adaptation and vulnerability. Summary available here.

[21] Article about Food and Agriculture Organisation (FAO) sponsored study here. Original study is Crippa et al., 2021. Food systems are responsible for a third of global anthropogenic GHG emissions. *Nature food* (2) 198-209. Available here.

[22] GRAIN, 2014. How the industrial food system contributes to the climate crisis. Available here.

[23] JRC, 2021. EDGAR-FOOD, the first global food emissions inventory.

[24] UNEP, 2021. Food system impacts on biodiversity loss. Available here.

[25] IPES Food, 2019. Towards a common food policy for the European Union. Available here.

[26] Basic, 2021. "Analyse de la création de valeur et des coûts cachés des produits phytosanitaires et de synthèse" [Analysis of the creation of value and the hidden costs of synthetic phytosanitary products]. Available here.

[27] Eurobarometer 501, 2020. *Attitudes of Europeans towards the Environment*. Available here.

bees[28] [29]. Also, the positive impact of organic farming on crop pollination increases fruit yield and reduces loss due to misshapen fruits[30].

Carbon sequestration

Practices that are standard in organic farming can contribute significantly to soil carbon sequestration, as shown by significantly higher soil organic carbon stocks in land under organic management compared to land under conventional management and to higher annual sequestration rates[31]. In addition to mitigation, increasing soil carbon content also contributes to resilience and climate adaptation, through an improved soil structure, increased water retention capacity, positive impact on plant health, and decreased risk of soil erosion caused by extreme weather events.

Greenhouse gas emissions

Organic management shows a positive impact on soil-based greenhouse gas emissions. For instance, the use of plant protection agrochemicals is prohibited in organic farming and therefore the emissions associated with their production are avoided. Also, the production, transportation and use of fossil fuel-based fertilizers require large energy inputs and significantly contribute to GHG emissions from agriculture. Since synthetic fertilizers are prohibited in organic agriculture and consequently the emissions associated with it are absent the GHG emissions of organic farming are significantly reduced. Studies show that the emission reduction potential by an absence of synthetic fertilizer use is around 20% of the global annual agricultural GHG emissions[32]. Instead of being dependent on external fertilizer inputs, organic farming relies on establishing closed nutrient cycles, minimizing nitrogen losses and reducing nitrogen applications resulting in generally lower nitrogen levels on organic farms. Moreover, the use of synthetic fertilizer also contributes to other agricultural emissions, namely nitrous oxide. While nitrous oxide from soils can be released in all farming systems to some extent, the application of synthetic fertilizer increases the emission on site.**Error! Bookmark not defined.** Studies show a reduction of 40% less nitrous oxide emissions per hectare for organic systems[33]. Nitrous oxide is another major direct GHG emission in agriculture and a reduction of nitrogen application rates is therefore an effective way to reduce emissions.
On average the climate protection performance of organic result in 1.082 CO_2 eq per hectare and year, due to lower GHG emissions and increased carbon sequestration in soils[34].

Energy use

Organic agriculture shows a lower energy use per hectare and per unit product. Studies suggests that around 15% less energy are consumed in organic agriculture per unit produced.[35] A higher energy efficiency, i.e. energy output compared to energy input, in organic is achieved through a reduced input of fossil energy that is needed for the production of synthetic fertilizer and plant protection agrochemicals.

Funded by the LIFE programme of the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or CINEA. Neither the European Union nor CINEA can be held responsible for them.

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