



House of Commons
Environmental Audit
Committee

**Environmental
Labelling: Government
Response to the
Committee's Second
Report of Session
2008–09**

**Fifth Special Report of Session
2008–09**

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The Environmental Audit Committee

The Environmental Audit Committee is appointed by the House of Commons to consider to what extent the policies and programmes of government departments and non-departmental public bodies contribute to environmental protection and sustainable development; to audit their performance against such targets as may be set for them by Her Majesty's Ministers; and to report thereon to the House.

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Fifth Special Report

The Environmental Audit Committee published its report on *Environmental Labelling* on Monday 23 March 2009 as HC 243. The Government's Response to the Committee's Report was received on Monday 29 June 2009 in the form of a memorandum to the Committee. It is reproduced as an Appendix to this Special Report.

Appendix—Government response

Introduction

The Government welcomes the Environmental Audit Committee's constructive report. We have taken careful note of the Committee's conclusions and recommendations, and will take these into account in ongoing and future work on product information, environmental labelling and promotional claims in marketing.

There have been a number of policy developments in this field since the Committee collected its core evidence in 2007–08. These include the agreement of a revised EU regulation governing the voluntary ecolabel scheme; proposals for a new EU framework directive for energy labelling and for the labelling of particular types of energy-using products; the extension of the EU framework to cover 'energy-related' products; and developments in the EU regimes for labelling cars and tyres. At the same time, Defra has been taking forward work on principles and guidance for better environmental declarations and claims in marketing, where there are some important connections with environmental labelling.

Also over the last year there have been some useful developments in the evidence base relating to environmental labelling. These include research and consultation which Defra has been carrying out as part of its work to revitalise Government guidance for better environmental declarations and claims in marketing, which is yielding useful intelligence about approaches and attitudes (both of consumers and businesses) to labelling. Consumer Focus has jointly been conducting research with Defra on consumers' understanding of green claims and labels (due to be published in summer 2009). In addition Defra are researching environmental claims about products to improve understanding of the type, frequency and communication channels for green claims. Various trials of approaches to carbon labelling on products have been continuing, and the Sustainable Consumption Institute has researched the evidence on public perceptions around that debate.

Following the publication of its 'Progress Report on Sustainable Products and Materials' in July 2008, Defra has been refining its work programme on products, including the important area of product information, standards and labelling. As set out in that report, the Government still sees labelling as part of the toolkit of interventions or activities to help raise the environmental performance of products. The judgement is about where it can genuinely help to drive improvement, how it fits into a wider package of actions to support progress in the market, and what form it should take if it is to be an effective part of the package for a particular type of product.

The Government welcomes the Committee's appreciation that labelling has a supporting role in what is essentially a process to encourage behaviour change both on the supply side and demand side of the products market—with businesses engaged in more sustainable production choices and consumers moving to more sustainable patterns of consumption. The Government's strategic view of how this process can be made to work, which underpins the whole of this response, can be summarised as follows.

- a) It is vital to have a sense of direction about the environmental priorities which can be tackled through product policies, and about the types of products where action should be targeted. This requires sound evidence and a signalling of priorities by governments, both being widely shared with stakeholders.
- b) A prerequisite is the technical ability to measure the relevant features of environmental performance at the level of the product. This often requires a process for establishing standard measurements and methodologies, which can be complex and resource-intensive.
- c) Those on the supply side need motivation (incentives or pressures) to measure and benchmark the performance of their products against their competitors'—and to make improved performance a feature of competition in the market.

These three elements together are crucial to success in raising the environmental performance of products placed on the market, which is the essential policy goal. They offer a more certain route than measures which rely on demand-side 'pull' from 'green consumers' (for the kind of reasons discussed in section 5 of the Committee's report). It is therefore in these areas that most of the Government's effort on sustainable products is focussed. In many cases this results in a form of 'choice editing' (as noted in the report) where the improvement need not involve direct engagement with the end consumer.

- d) A final element, in which labelling may or may not feature, is communication of product performance to the end consumer. As the Committee found in its evidence, this communication, where it is attempted, may be done for different reasons and may take different forms. There is a wide range of approaches, from marketing to enhance the corporate reputation of the business as a whole, through to the value of a particular brand, to the particular characteristics of one product compared with its competitors. The market is not uniform and the degree of Government influence varies widely—relatively high in the case of mandatory requirements for some specific product types, less in the case of voluntary or sector-based initiatives, and less again in the case of individual business marketing.

The Government's view on this final element (d) is that business communication about products should:

- support genuine improvement in environmental performance;
- stimulate fair competition and increased market share for improved products; and
- engage consumers in a way which is clear and helpful, ideally building and reinforcing awareness of key issues.

The Government hopes that this wider backdrop of our product strategy will set the context for the following response to the Committee's individual recommendations. The Committee's report will be helpful in further consideration and debate on where future Government action on labelling could be most effective and where such action could add real value in the drive to deliver more sustainable production and consumption.

Response to conclusions and recommendations

Recommendations on "The Government's role"

1. The Government needs to put more resources into promoting better environmental labelling. The Government should encourage the development of a sector-based universal scheme comparable to those emerging in food labelling that can incorporate a wealth of information in a simple and instantly understandable label for consumers. (Paragraph 10)

The Government is grateful for this proposal. We see the attractions of a framework that would translate into simple and easily understandable labelling, sharing a recognisable common 'look'. And there is evidence emerging from research which Defra and others have been doing over the last year that clear and easy-to-understand information on green issues, if it is direct and to the point, does hold appeal for consumers.

The biggest challenge in moving the market in this direction is the practical complexity. The Committee's example of food labelling—the 'traffic light' system—is not without its complications, but is relatively straightforward compared with the range of products and the range of issues that a broader environmental labelling framework would have to address.

- The food example takes a single functional parameter (human nutrition); divides it among major components of the product function (fat, carbohydrate, etc); and expresses those against an accepted single measure of each those components (the 'guideline daily amounts'). And while food products vary enormously in type, they share the same basic components; and the methodology for measuring them, at the level of an individual product, are common and standardised.
- By contrast, the environmental performance of products involves many parameters. There are potentially many environmental impacts associated with a single product type. The relative importance of these impacts may often be unclear, or not commonly agreed, and may involve trade-offs across the life cycle. And in very many cases there is no common or standardised methodology for measuring an impact at the product level or expressing it against a common benchmark.
- The case of the major energy-using products, covered by the EU's 'A-G' energy labelling regime, is a successful example of an environmental labelling, but it is telling that it operates in a much simpler setting than would be possible for most types of product. The key impact parameter is energy in use and there are standard methods for measuring a product's performance and declaring it. However, even in this apparently more simple case, the work involved in establishing and agreeing the necessary standards and benchmarks has been intensive and long-running.

Sitting alongside these challenges of complexity is the often-stated wish of consumers for simplicity in the information that is presented to them. Achieving this is even more of a challenge when most consumers will be judging any environmental information alongside other parameters. Issues about the cost and performance of products loom largest for most consumers; and increasingly social and ethical issues are also competing with environmental ones for consumers' attention. All of this means that it would require extensive and extremely careful management to turn all the analysis and data behind a broad-based environmental scheme into an effective and useful label that actually works in the consumer market.

The Government would like to consider the practicalities of environmental labelling of the kind proposed and to build up better evidence of what might work. Defra is developing ideas for some feasibility work, potentially focussing on food as a pilot area. This would help to test some practical options against the latest evidence on consumer perceptions and business experience—and also allow some assessment of potential costs.

2. The Government should be prepared to enforce such a labelling scheme by statute although we accept that the ideal would be for manufacturers and retailers themselves to introduce a clear and robust scheme without the need for government enforcement. (Paragraph 10)

The Government believes that the aspiration of developing a common approach to labelling is certainly worth pursuing with manufacturers and retailers. We will stimulate that debate as part of Defra's ongoing work on green labelling and marketing, mentioned above, and in appropriate forums at EU level.

It is important to note that a further consideration in the practicality of a national-level labelling scheme is how it could operate at the end of an increasingly globalised supply chain—and, more specifically, within the rules of the Single Market. There would therefore be problems for practical effectiveness, and also for trade, in attempting to legislate for a comprehensive cross-sectoral scheme for products placed on the UK market.

Aside from this question of legislation specific to an individual label, it is worth noting that there is a general framework of legislation which is relevant to this area, which includes *The Consumer Protection from Unfair Trading Regulations 2008* and *The Sale and Supply of Goods to Consumers Regulations 2002*. As the Committee is aware, in the broader field of product advertising the Advertising Standards Authority (ASA) independently administers rules laid out in the advertising codes and oversees a self-regulatory system.

3. The Government should make sure that environmental labels are backed up by an appropriate set of standards and criteria, covering issues like independent monitoring and verification of claims, so that consumers can have confidence in them. The Government must also ensure that the labels will also make a difference to the producers who use them. (Paragraph 12)

The Government agrees that robust standards, criteria and methodologies are essential to underpin good quality labelling—as they are for the whole process of raising the performance of products placed on the market. This is a core theme in Defra's sustainable consumption and production (SCP) programme, and runs through all of its SCP projects which relate to products.

The Government also fully agrees that good labelling needs to make a difference for businesses—giving them an incentive to improve their products and the market recognition for doing so. Defra plans to include principles on verification, substantiation and robustness in its current exercise on guidance for business about green claims and marketing (please see the response to recommendation 15 below).

Recommendations on “Focusing on the most relevant labels”

4. It is crucial for labels to reflect the most important environmental priorities, both in terms of consumer behaviour and the environmental priorities identified for each sector. So if, for instance, a ‘traffic light’ or ‘petal’ scheme was adopted and embedded carbon was felt to be the most important element, in each sector this could make up a larger or more prominent portion of the label. (Paragraph 15)

The Government agrees with this conclusion (subject to our comments above about the proposal for a new, wide-ranging scheme).

5. As in food labelling, it is important that a sector-based universal labelling scheme is developed and that clarity and simplicity are not lost in a plethora of different single issue labels and complex information. Equally we must avoid the situation, as in the Ecolabel, where the simplicity is so great that meaningful comparison becomes difficult. (Paragraph 19)

The Government agrees with the conclusion about clarity and simplicity (subject again to our comments above about the proposal for a new, wide-ranging scheme).

The example of the EU ecolabel illustrates a conundrum for environmental labelling more widely. The apparent simplicity of the label as it applies to products mentioned in the report, like paint or household cleaning products, conceals the complexity and rigour of the criteria that are used—which can run to more 20 pages of detailed specifications. This is an inherent problem particularly for voluntary ‘award’ labels. Consumer research consistently indicates a desire for a quick and simple message, but a label of high environmental performance may nonetheless struggle to get its message recognised (please see also the response to recommendation 1 above).

6. [The] extension of the EU Ecolabel’s coverage will provide a vital test of consumer willingness to accept wide-ranging generic labels. While we have real doubts about the wisdom of such ‘one-size-fits-all’ generic labels, the Government should support the continuing development of the label to test its viability fully, including promotion to raise the profile of the label. (Paragraph 21)

7. The Government is right to recognise the difficulties of developing a ‘one-size-fits-all’ label but this should not prevent it from making progress on making environmental labelling clearer or from making progress with a sector-based universal scheme. The Government should, after a suitable period of time has elapsed, review the revised EU Ecolabel to determine whether it is working any better. The Government may need to go back to the EU with proposals for further revisions that are more flexible and informative, based on the ‘traffic light’ or ‘petal’ model, and which might attract more support from consumers. This may require a sectoral approach. (Paragraph 22)

The Government remains committed to the development of the EU ecolabelling scheme and over the last year we have strengthened the arrangements for running the scheme in the UK market.

Reforms to the scheme have been agreed at EU level and a revised governing Regulation will come into effect later this year. These reforms should improve the criteria-setting process and the links with other product policies, especially green public procurement, which will have a positive effect in stimulating higher environmental standards in some key product markets. It is less certain whether the changes will strengthen the appeal of the label as a communication and marketing tool. The Government will continue to work for improvements within the EU framework, leading in due course to a strong UK input to the next formal review of the Regulation (scheduled for approximately five years' time).

8. As in the white goods market, environmental labels are particularly effective when consumers do not have to pay a premium for higher standards. They may also be more effective if they can be made to coincide with a financial benefit to the consumer. The Government should examine the scope for strengthening the effectiveness of environmental labelling through fiscal measures. (Paragraph 26)

The Government agrees with the Committee about the way that environmental labelling can reinforce messages about direct benefits to the consumer, for example through lower costs in energy, fuel or water consumption. The case of Vehicle Excise Duty and car labelling is a good example of where, in the right circumstances, the message can be further reinforced by direct linkage with a fiscal message. The Government will consider further opportunities. For example, over the last year it has been working actively at EU level to seek flexibility on the level of VAT chargeable on energy-efficient products.

9. Labels are more likely to influence a purchasing decision if the customer has prior awareness and understanding of the label. Where the Government supports a labelling scheme as part of its sustainable consumption strategy, it must actively promote and explain the label to consumers, using publicity to raise their awareness and understanding of labels before they make decisions on purchases. How information on, for example carbon, is presented in marketing materials and advertising is important. The Government should examine whether there is a case for regulating how information is displayed to ensure it is prominent and consistent with a sector-based universal labelling scheme. The way information is presented must be underpinned by standards to ensure the information is displayed prominently and in a way that allows different products to be compared easily and that ensures that environmental information is presented consistently across all forms of marketing media. (Paragraph 29)

The Government agrees that awareness of the labelling schemes that it directly supports needs to be properly promoted, to assist consumers in making good use of the information provided. That is considerably easier for schemes which are a legal requirement for certain types of product and which are therefore widely visible (as with the EU label for energy-using products, for example) than for 'award' schemes which are voluntary and more rarely seen (as with the EU ecolabel).

We will be looking at the issue of how—in areas where there are these ‘official’ labels, underpinned by robust standards—other related information is displayed in marketing material. Some relevant research is now in progress and we will consider if guidance or other measures need to be developed with business as part of Defra’s current work on green claims and marketing (which is described further below).

Recommendations on “Ensuring quality”

10. The Government has a role to play in policing the use of environmental labels and intervening directly to remove those found to be inaccurate or misleading. It should provide Trading Standards and the ASA with the training, resources, powers and sanctions required to review all instances of dubious environmental claims. The Government should issue guidance to both independent and business-initiated schemes, to ensure that appropriate levels of accuracy and relevance are adopted by all labelling schemes. (Paragraph 30)

The Government is acting on a number of fronts which should help in the areas the Committee mentions.

- Defra is currently running a project to revise, update and extend its guidance on green claims and marketing to help business raise the quality of information used in advertising and on products themselves (self-declared claims). This work is being done with the active involvement of key players and professional bodies in the marketing and advertising industry, as well as the ASA and the local authority coordinating body.
- The Defra work will also look at what additional guidance may be needed to ensure good practice is followed in formal, non-regulatory labelling schemes (‘third-party’ and ‘sectoral’). This would be based on the relevant international (ISO) standards for such schemes.
- Defra plans to consult shortly on options to strengthen the arrangements for ensuring compliance with the regulatory regime for EU energy labelling and minimum standards.

11. The Government should require certification schemes to make public information explaining the structures, standards and methods behind the label; ensuring that consumers can have confidence in the audit and inspection processes that underpin the claims a label makes. The Government should also set standards and guidelines for the levels and categories of information to be provided by any business that seeks to promote its operations and products through a third-party labelling scheme. (Paragraph 32)

The Government agrees that third-party and sectoral schemes should make such information available. Indeed, it is very much in the interests of scheme practitioners to do so, in order to build the trust, recognition and take-up that they seek. We are not aware of any serious shortcomings, but will review what may be needed and if necessary develop guidance as part of Defra’s ongoing work on green claims and marketing.

12. Labels need to be regularly reviewed and adapted to ensure they keep up with changes in the market and adequately reflect consumer concerns. We welcome the Government's involvement in remodelling the vehicle emissions label, and we urge it to maintain a programme of regular reviews across its own labelling portfolio. The Government should also identify areas where non-government labels are in need of review, and should place pressure on the label owners to undertake regular reviews. (Paragraph 33)

In the case of the 'portfolio' of government-level labelling schemes, and specifically in the area of the EU energy label mentioned in the Committee's report, the Government has intensified its efforts over the last year to achieve ambitious revisions to the benchmark levels, in negotiations under the EU Eco-design Directive.

In the case of third-party and sectoral schemes, again we are not aware of any serious shortcomings. However, we will review what may be needed and if necessary develop guidance as part of Defra's ongoing work on green claims and marketing.

13. The Government's priority should be to resolve shortcomings in existing labelling schemes, rather than introducing extra labels to compensate for deficiencies. (Paragraph 34)

The Government agrees with this principle. As mentioned above, it has led a strong drive to achieve an ambitious revision of standards in the area highlighted by the Committee, the EU energy labelling regime.

On the example of the Energy Saving Trust's 'ESR' label (quoted in paragraph 34 of the Committee's report) it is worth pointing out that the Trust's voluntary scheme does offer added value beyond what the mandatory EU label can provide. It covers a considerably wider range of product types than the energy label; and it covers a wider range of performance factors.

Recommendations on "Engaging business"

14. Effective environmental labelling must be part of a wider partnership between government, consumers and business if the goal of a more sustainable economy is to be achieved. Arguments about the accessibility of labels must not lead to an over-simplification or lowest common denominator effect; the aim should always be to raise standards. (Paragraph 37)

15. In many ways, environmental labelling's real potential lies not in changing consumer behaviour, but in changing business behaviour and thereby improving the sustainability of the manufacturing process and the products available to the consumer. In improving the overall environmental performance of the economy, the Government must work more closely with business to show how environmental labelling can help them to drive changes in their business and in their supply chains. In order to do this effectively, labels should be underpinned by proper systems for analysis, audit and accreditation. (Paragraph 40)

The Government agrees that the role of business in raising product standards is crucial. We have set out our views on this more fully in the introduction to this response, as we

consider it is at the heart of the issue; and we very much welcome the attention which the Committee has given to the theme in this section of its report.

On the question of working with business on positives uses of labelling, Defra has recently been running workshops with business and marketing experts to understand the drivers behind the use and choice of environmental communication, including labels; and how this relates to what we know about consumer perceptions, which are coloured by habits and experiences, wider market and societal influences, and perceptions about individual 'brands'. We are hopeful that, as part of the exercise on green claims guidance, this evidence can be used to demonstrate the value to business of using robust environmental information in its communication with supply chains, business customers and household consumers.

On the question of the systems and methods which are needed to underpin a good standard of environmental labelling (and indeed to underpin most other product-related measures) the Government considers it can play an important role in helping to get the necessary structures and methodologies in place. Again, our views on this are included in the introduction. A good example of this kind of contribution is the support we have given to help put in place a robust methodology for assessing the carbon footprint of goods and services (PAS 2050).

16. Product road-mapping is an important innovation in efforts to improve the environmental impact of supply chains. The Government has a vital role to play in this process. We welcome the Government's current pilots on product road-mapping and we urge it to extend this work to further product ranges as soon as this is feasible. (Paragraph 43)

17. We note the effectiveness of voluntary initiatives in driving up environmental standards in industry and we are encouraged that the Government is involved in these processes. (Paragraph 44)

The Government welcomes these conclusions and the support for its approach on product roadmaps and other voluntary initiatives to raise product standards. One of the aims of our work on the 'roadmaps' is to encourage more sectors and businesses to adopt this kind of approach on their own initiative; and we will continue to promote this way of working.

18. The Government should seek to establish an agreement between major retailers, encouraging them to make more information on major environmental labels available to consumers, both in store and online. In particular, retailers should be encouraged to provide this information close to where the products are found (for example, in the aisles themselves), rather than solely at information desks or on request. (Paragraph 47)

The Government is grateful for this interesting proposal and we will, as part of the regular dialogue with major retailers, discuss what more could be done nationally to raise awareness of reliable third-party or sectoral labelling schemes which can support consumer choice about sustainable products and behaviours.

It is worth noting that the European Commission has, as part of the SCP Action Plan it adopted in July 2008, recently launched a Retail Forum, the main goals of which are to

achieve greater availability of greener products in the shops; provide better information to consumers; promote more sustainable consumption; and build up the information needed to evaluate environmentally sound products. This seems to us very much in tune with the Committee's thinking and we will encourage European-wide collaboration through this new channel.

19. It is unacceptable that certain car dealerships are still failing to display mandatory EU information on vehicle performance. The Government must ensure that trading standards have the training, resources, powers and sanctions necessary to tackle failures of this kind in every aspect of compulsory product labelling. (Paragraph 50)

The LowCVP dealer survey for 2008 showed that the voluntary colour-coded label for new cars was on display in 91% of showrooms (compared with the finding of 86% in the 2007 survey). This is a clear indication that the label has strong support throughout the industry and that use of the label is still increasing. Given this high level of take-up by dealers of the very informative voluntary label, it is likely that there is even higher compliance with the statutory requirement to display basic fuel economy information.

On the question of mechanisms for monitoring and enforcement of compliance with other forms of mandatory labelling, Defra is (as noted in the response to recommendation 10 above) shortly to consult on options to strengthen the arrangements for the regulatory regime for EU energy labelling and minimum standards.

Recommendations on "Carbon labelling"

20. Carbon labelling cannot account for all environmental impacts or be a universal environmental label. But the value of the carbon label will be increasingly important as consumers' awareness and knowledge of embedded carbon grows. Embedded carbon labelling is a form of environmental label that can be applied to all products and all sectors, and may be the single most important measure, given the challenge we face in decarbonising the economy. It is necessary to support efforts to raise an individual's awareness of their overall consumption of carbon, like the Act on CO₂ campaign, and to support the goal of reducing the carbon intensity of products. (Paragraph 54)

21. The Government should encourage carbon labelling for all products and services as a priority but ultimately as part of a universal and comprehensive environmental labelling scheme. It should legislate for this if necessary. An asymmetric devolution of powers presents a challenge to the development of legislation for a UK wide labelling scheme and the Government should open discussions with the Scottish Executive, the Welsh Assembly Government and the Northern Ireland Executive on how a UK wide sector-based universal labelling scheme can be developed. (Paragraph 55)

The written evidence submitted to the Committee by Defra in October 2007 set out what the Government sees as a crucial distinction—between the measurement of the carbon footprint of products and services, and any communication which a business makes about the footprint of its product. We considered then that the ability to measure and the willingness to act to reduce the footprint former are crucial; that forms of communication to supply-chain players, stakeholders and consumers are potentially important but still

developing; and that—on the particular question of carbon labelling on products—options are being tried but the jury is still out.

Overall that is still where we think things stand, eighteen months on; but there has been encouraging progress. In particular, there has been great success in the priority area of enabling business to measure and address the carbon footprint of products. The process led by BSI and supported by Defra and the Carbon Trust, to establish a publicly available methodology, was robust and inclusive, and the specification (PAS 2050) was successfully launched in October 2008. It has attracted wide interest among businesses and among a wider community of policy-makers and standards experts internationally. The Government is encouraging this wider engagement through EU and international forums, and there is every indication that the practice of carbon footprinting will become much more widespread through global supply chains over the coming years.

Businesses are still developing the ways that they use the information to communicate with their suppliers, their business customers, their stakeholders and (where they sell such products) their household consumers. But this process should be able to develop more effectively now that there is a common methodology for assembling the information and a growing body of live information to work with. The Government is very interested to monitor these developments.

In the area of the carbon labelling of products, a number of businesses have been trying possible approaches, several of them working closely with the Carbon Trust, and trying to evaluate what approaches may be viable and genuinely helpful to the consumer. That work is continuing. But it is clear that there are two big issues that remain a challenge to any wider take-up of a particular carbon labelling approach.

- The first issue is technical—the extent to which a carbon footprinting method and protocol can yield results which are precise and reliable enough, at the level of an individual product, to allow numerical values to be expressed for the purposes of comparing one product with another. At present, the methods will allow comparison between products produced by the same business (where the assumptions and data sources are common). But they are not sufficiently advanced to allow comparisons across the range of products on the market.
- The second challenge is actually finding an approach which, at the level of the individual product, would be genuinely helpful and enabling for consumers. Several interested organisations have been researching and testing opinion on this second point over the last year. For example, Forum for the Future and the Sustainable Consumption Institute have published interesting reports, based on work done with industry and communication experts and on quantitative and qualitative market research with consumers. The results so far highlight the potential of upstream action by business and of approaches to communication which enable consumers to turn awareness into everyday behaviours and actions; but they cast doubt on the practical value to consumers of carbon labels placed on individual products.

The Government is keenly following the emerging evidence and the debate being stimulated by it. However, what this suggests at the moment is that there are some fundamental questions which would need to be settled before carbon labelling could become mainstream. As well as the questions noted above, there is the issue which the Committee itself notes about the relative significance of the carbon impacts of products alongside other environmental impacts, and indeed alongside social and ethical impacts. Across the huge number of different types of product to be considered, the relative weights of these different impacts—and therefore the potential relevance of carbon labelling to the consumer—will vary enormously.

On the wider questions of a ‘universal’ scheme’ and legislative action, please see the earlier comments in the response to recommendations 1 and 2 above.

22. We welcome the launch of the Carbon Trust Standard label, the Carbon Reduction Label and the new Publicly Available Specification on carbon footprinting. They provide different ways for businesses to promote their commitment to emissions reduction and will help to focus efforts on cutting emissions across company operations. Government and the Carbon Trust should ensure that the difference between labels that focus on individual products and schemes that focus on the performance of organisations overall is well understood by consumers and manufacturers. (Paragraph 59)

We agree with the Committee that there are distinct forms of emissions measurement across company activities, which are suited to different purposes and which have different audiences. We will ensure that this is reflected in the guidance which is produced on the reporting, disclosure and marketing of companies’ emissions performance.

23. The Government should investigate how any sector-based universal labelling scheme could be used by companies, national and local government and other organisations to report on their environmental performance. An annual report carrying the ‘traffic light’ environmental impact label would inevitably hide much complex methodology and require rigorous auditing but it would send an admirably simple and effective message to shareholders and other stakeholders. (Paragraph 60)

The Government is keen that companies should consider the environmental performance of their goods and services, as well as the more direct impacts of their processes and operations, when they report to stakeholders and customers. We will continue to promote that view in relevant guidance on reporting, disclosure and marketing.

The Committee’s suggestion about a composite indicator for the impact of a company’s goods and services is intriguing and has attractions. The problem is in the underlying complexity which the Committee notes. We have commented above (in the response to recommendation 1) about complexity in relation to the standardised assessment of different product types. The challenges would be multiplied greatly in trying to apply a common and composite approach across the whole ‘fleet’ of products for which a company is responsible, and to do so in a way that would be comparable across companies.

24. The Government must identify areas where lifecycle assessments could be translated into consumer labels that would encourage the most environmentally benign choice and that would send the right signal to manufacturers. (Paragraph 64)

The Government welcomes the discussion on life-cycle assessment in paragraphs 61-63 of the Committee's report and agrees fully with the conclusion in paragraph 63 that labelling should be focussed on the areas where it will make the biggest difference to the behaviour of consumers and producers. We do not propose setting out to indicate, as an end in itself, where there should be new or additional forms of labelling. That would go against the grain of the strategic approach which we describe in the introduction to this response—and indeed of the spirit of recommendation 13, which we support. But we are certainly interested to consider the scope for worthwhile opportunities for improved communication to consumers across the range of product and behaviour change work we are engaged in, nationally and at EU level, and Defra sees this as a significant part of its SCP programme.

25. Carbon labelling could have a profound effect on manufacturers and their supply chains. We believe that the Government must do more to support and encourage carbon labelling, including providing a statutory basis if necessary as part of a sector-based universal and comprehensive labelling scheme. (Paragraph 65)

Please see the Government's response on carbon labelling under recommendations 20 and 21 above; and on the question of legislative action under recommendation 2 above.

Department for Environment, Food and Rural Affairs

List of Reports from the Committee during the current Parliament

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