



Supply Chain Transparency

Scot Case
Market Development Director
Scot.Case@ulenvironment.com
610 781-1684

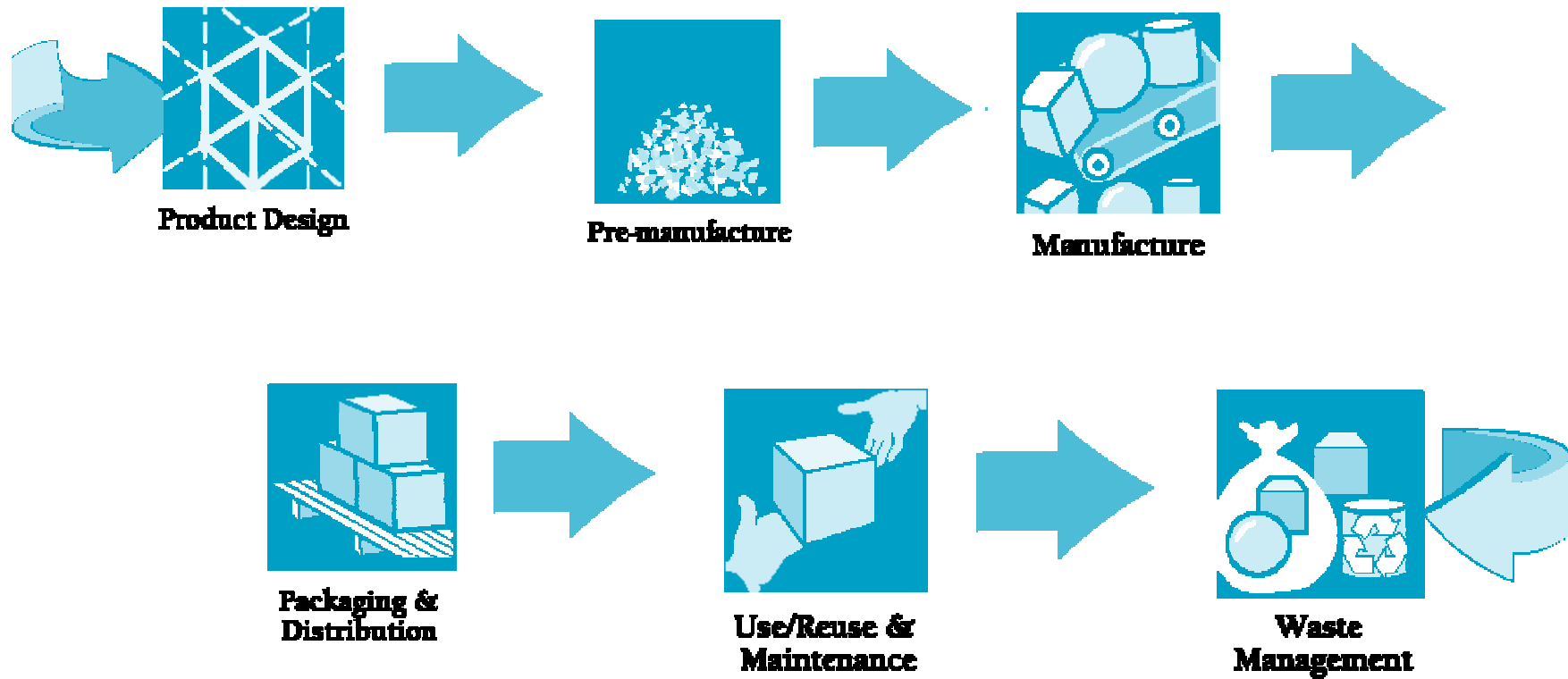
March 25, 2011

Basic Premise #1

Every single purchase has hidden human health, environmental, and social impacts throughout the entire supply chain.



Lifecycle Perspective



Basic Premise #2

Consumers, properly informed, have the ability to use their purchasing power to drive significant environmental improvements.

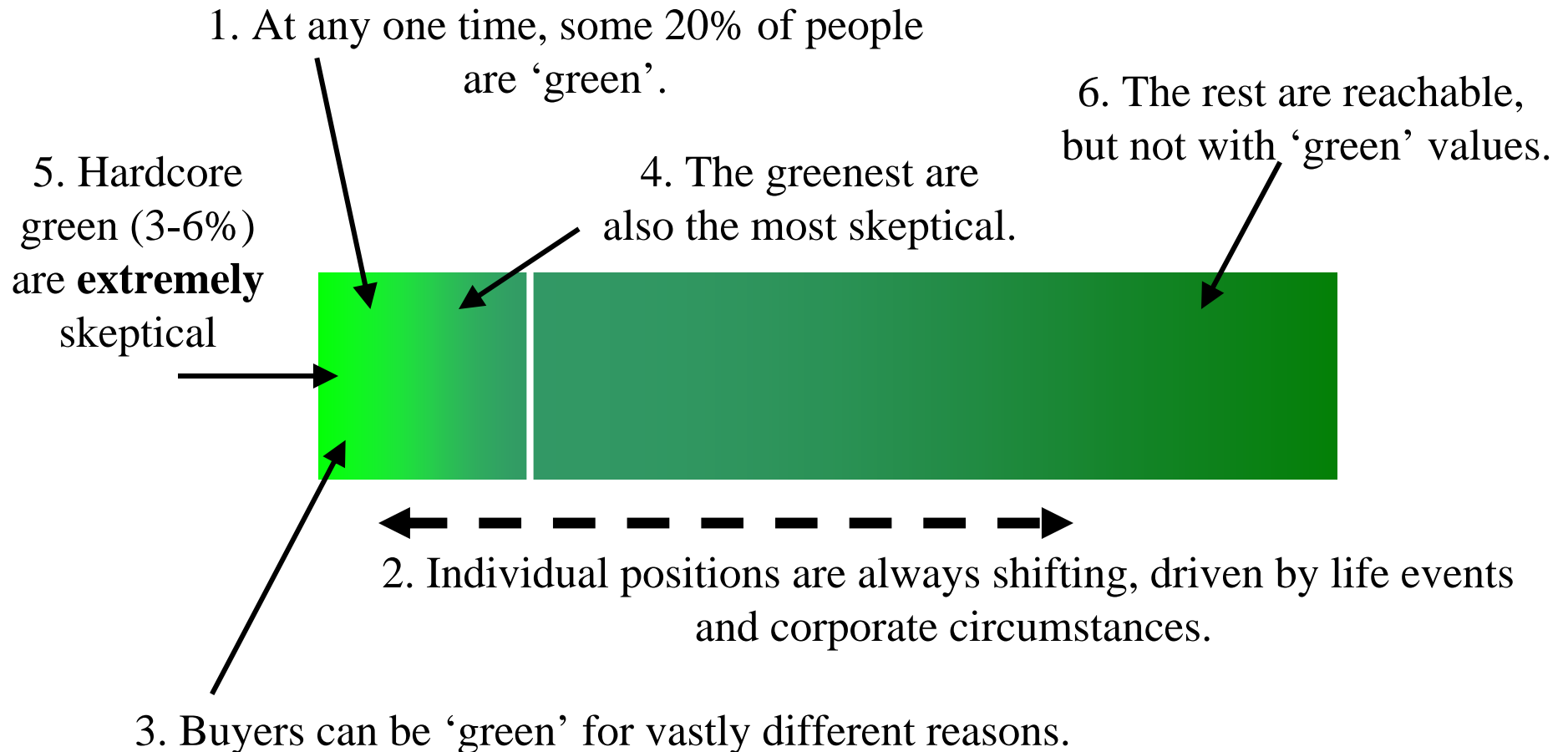


Who Buys Green?

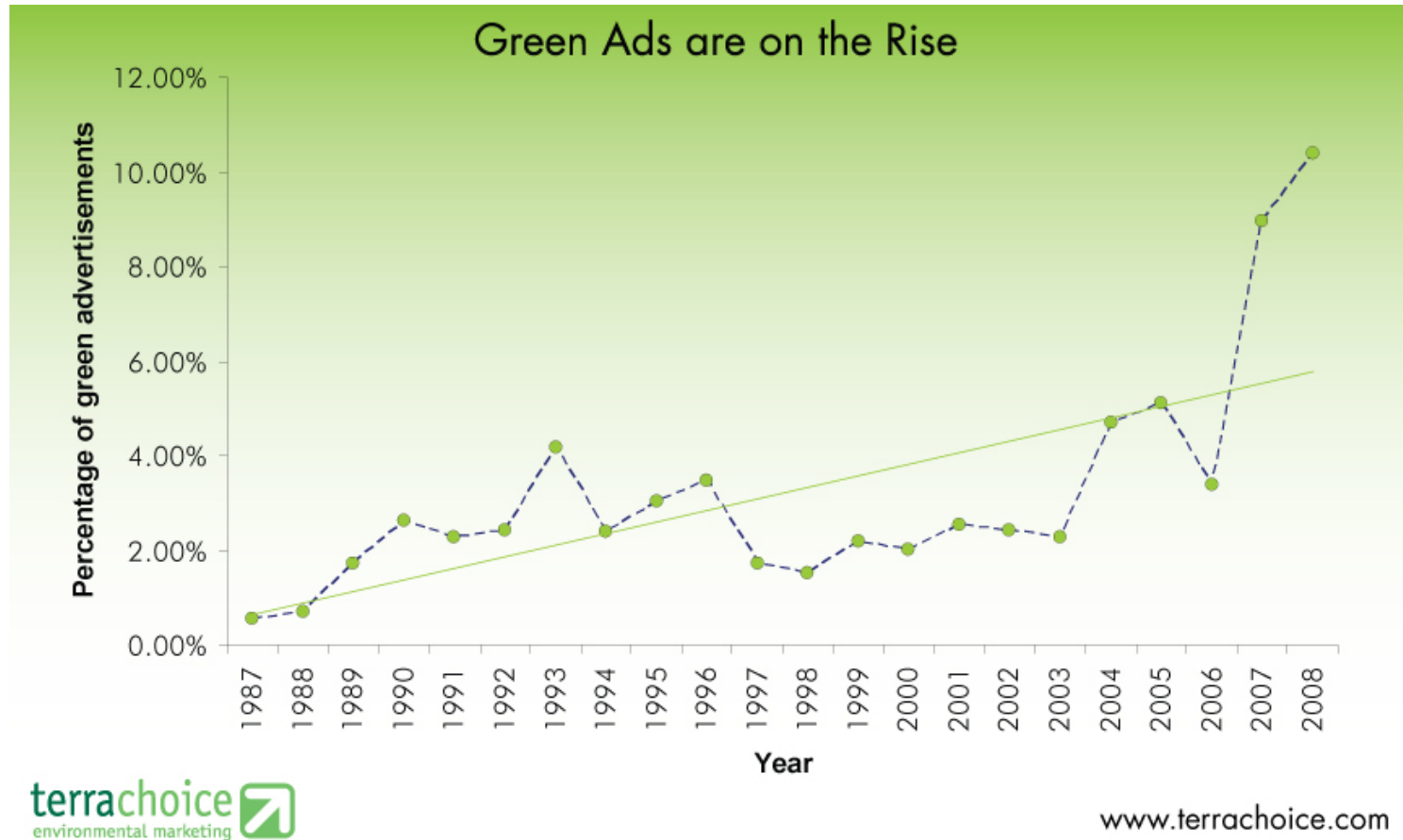




Who Buys Green?



Growth of Green Advertising



Environmental Claims are Growing

- Eco-safe
- Environmentally friendly
- Earth friendly
- Earth smart
- Environmentally safe
- Environmentally preferable
- Essentially non-toxic
- Practically non-toxic
- Made with non-toxic ingredients
- Degradable
- Biodegradable
- Compostable
- Environmentally safe
- CFC-free
- Ozone friendly
- Recyclable

According to the FTC:
FALSE CLAIMS




FTC Green Marketing Guidelines

GENERAL
Federal Trade Commission
1-877-FTC-HELP
www.ftc.gov

FTC FACTS for Consumers

Sorting Out 'Green' Advertising Claims



Grocery shelves, hardware stores, card shops, and other retail operations are filled with products and packages announcing environmental features that may influence your purchasing decisions. But when it comes to products and packaging, what do claims like "environmentally safe," "recyclable," "degradable" or "ozone friendly" really mean? The Federal Trade Commission (FTC) and the Environmental Protection Agency (EPA) want you to know.

The FTC, in cooperation with the EPA, has developed guidelines for advertisers to ensure that their environmental marketing claims don't mislead consumers. Here are six tips to help you sort through environmental claims.

ENVIRONMENTAL CLAIMS SHOULD BE SPECIFIC.


When you evaluate environmental claims in advertising and on product labels, look for specific information. Determine whether the claims apply to the product, the packaging, or both. For example, if a label says "recycled," check how much of the product or package is recycled. The fact is that unless the product or package contains 100 percent recycled materials, the label must tell you how much is recycled.

Increasingly, labels on "recycled" products tell where the recycled material comes from. "Post-consumer" material comes from previously used business or

Available at:
www.ftc.gov

Facts
for Business

Environmental Marketing Claims



Federal Trade Commission
Bureau of Consumer Protection
Office of Consumer & Business Education
1-877-FTC-HELP
www.ftc.gov

October 1999



Enforcement Actions Increasing

- FTC – Insulation, Biodegradable, Bamboo, and fake green label cases
- Canada – Energy Star cases
- NAD – increasing case load; Seventh Generation recently announced
- Litigation – numerous consumer fraud suits being filed



Beware of Greenwashing

Green-wash (grēn'wōsh', -wôsh') – *verb*: the act of misleading consumers regarding the environmental practices of a company or the environmental benefits of a product or service

WARNING:

Learn to ask critical questions or you might be selling or buying products with creative marketing rather than products with legitimate environmental benefits.



Seven “Sins” of Greenwashing

- **Sin of Fibbing** – Misleading customers about the actual environmental performance of their products.
- **Sin of No Proof** – Also known as the sin of “just trust us,” some manufacturers are unable to provide proof of their environmental claims.
- **Sin of Irrelevance** – Factually correct, but irrelevant, environmental assessments (e.g., “CFC-free”)
- **Sin of the Hidden Trade-Off** – Focusing on one or two environmental facts, but ignoring other significantly more important environmental concerns.



Seven “Sins” of Greenwashing

- **Sin of Vagueness** – Broad, poorly defined environmental claims (e.g., “100 percent natural”)
- **Sin of Lesser of Two Evils** – A product can be the most environmentally preferable product in its class, but still be an inappropriate choice (e.g., “organic cigarettes”)
- **Worshipping false labels** – a product that through words or images gives the impression of third-party endorsement where no such endorsement actually exists.



The Seven Sins of Greenwashing report, released 10/26/10, is available at www.sinsofgreenwashing.org



Labels as “Safe Harbors”?

The environmental standards most frequently cited by green purchasers include:



www.ecologo.org

- Founded 1988
- 80 standards
- 7,500 certified products



www.energystar.gov

- Founded 1992
- 50 standards
- “Thousands and thousands” of *registered* products



www.greenseal.org

- Founded 1989
- 30 standards
- ?,000 certified products



Lots of Labels Around

A ***partial*** list of labels currently being used:

- Blue Angel
- CFPA
- CPG
- DfE
- Eco Mark
- EcoLogo
- Ecomark
- Eco-OK
- Energy Star
- Environmental Choice
- EPEAT
- EU Flower
- Fair Trade
- FSC
- GBI
- Good Green Buy
- Green Label
- Green Seal
- GREENGUARD
- Greenstar
- LEED
- MSC
- Nordic Swan
- Process Chlorine Free
- SCS
- SFI
- TCO
- Totally Chlorine Free
- USDA-Organic
- WaterSense



Labels, Labels, Labels



<http://www.ecolabelindex.com/ecolabels>



Comparing Eco-Labels

WARNING:

Not All Environmental Claims Are Created Equal

Learn to ask about:

- Validity of the standard
- Standard setting process
- Verification process





Quick Commercial

Overview of UL Environment

UL Environment

UL Environment, launched January 2009, is a wholly owned subsidiary of Underwriters Laboratories (UL), an independent, 116-year old product safety standards and certification organization.

- UL evaluates 19,000 products, components, materials and systems with 20 billion marks appearing on 72,000 products each year
- Last year alone, UL conducted nearly 85,000 product evaluations
- UL maintains 1,400 product standards and counting.



A firefighter in full gear, including a helmet, jacket with reflective stripes, and gloves, stands in a dark industrial setting. The background is dimly lit with some overhead lights. The text is overlaid on the left side of the image.

Underwriters Laboratories is expanding the definition of safety to include protecting the safety of future generations.

UL Environment & EcoLogo:

- On August 31, 2010, Underwriters Laboratories announced that ULC Standards acquired TerraChoice, the managers of the Canadian government's EcoLogo program.
- UL Environment and TerraChoice are now part of the Underwriters Laboratories global network.



UL Environment & GREENGUARD:

- On February 1, 2011, UL Environment announced its acquisition of GREENGUARD and Air Quality Sciences.
- UL Environment, TerraChoice/EcoLogo, and GREENGUARD/AQS are now part of the Underwriters Laboratories global network.



UL Environment

Standards Timeline (As of July 2010)

Standards	Research Phase	Draft of Standard	Stakeholder Review	Stakeholder Meeting
Gypsum	√	√	√	July
Doors	√	√	√	September
Ceilings	√	√	√	September
Cell Phones	√	√	√	November
ULE 880	√	√	√	November
Lighting	√	√	1Q '11	4Q/1Q '11
Insulation	In process	4Q	4Q/1Q '11	4Q/1Q '11
Roofing	In process	4Q/1Q '11	1Q	1Q
Others...	TBD	TBD	TBD	TBD



UL Environment 880

- Company-wide standard for manufacturers
- Draft released end of July 2010
- More than 730 commenters and more than 1,500 comments.
- Largest public response in the 116-year history of UL.
- Additional versions will focus on service providers (ULE 881) and specific industry groups.
- Currently selecting pilot companies.





Back to the Show...

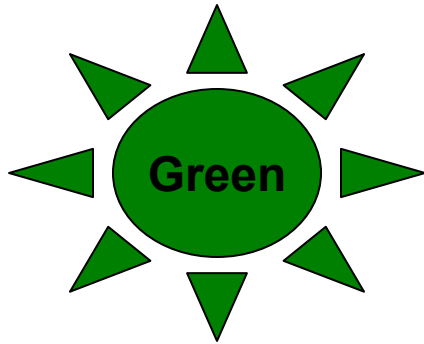
Where were we?

Future of Labels?

- Greater collaboration and/or consolidation in the labeling world.
- Emergence of a common government label?
- Rise of hybrid labels.



Types of Labels



Type I

Attributes

Attribute A – xx%

Attribute B – xx

Attribute C – xx

Attribute D – xx

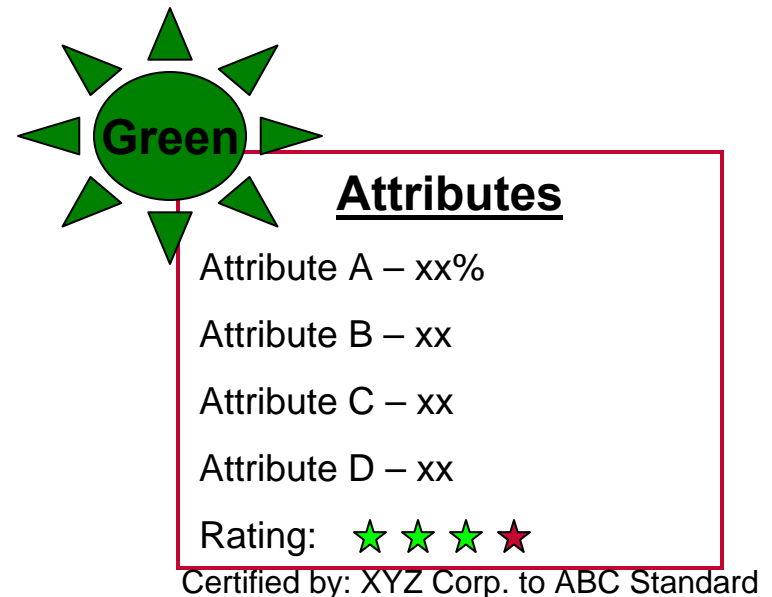
**Type III
(Vastly Simplified)**

Rating: ★★☆☆

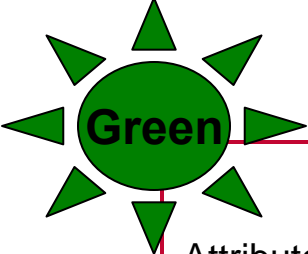


Potential Hybrid Label

- Certifier is identified
- Combination of label types – (1) clearly defined attribute[s] to define environmental leadership and (2) Lifecycle assessment data
- Consumers can look for the “green spot”
- Sophisticated consumers can compare attribute-level details



Potential Hybrid Label



Green

Attributes

Attribute A – xx%

Attribute B – xx

Attribute C – xx

Attribute D – xx

Rating: ★★☆☆

Certified by: XYZ Corp. to ABC Standard



Verified Environmental and Lifecycle Assessment Data

- Data point 1 - xxxxxxxx
- Data point 2 - xxxxxxxx
- Data point 3 - xxxxxxxx
- Data point 4 - xxxxxxxx
- Data point 5 - xxxxxxxx
- Data point 6 - xxxxxxxx
- Data point 7 - xxxxxxxx
- Data point 8 - xxxxxxxx
- Data point 9 - xxxxxxxx
- Data point 10 - xxxxxxxx
- Data point 11 - xxxxxxxx
- Data point 12 - xxxxxxxx
- Etc.



Initial Experiments

- UL Environment and EcoLogo are working with ISSA on a hybrid approach for the jan/san sector.
- Announcement at October ISSA show.
- Pilot projects beginning in Q2 2011.



Key Take Aways

- Demands for transparency are increasing.
- Transparency tools are more widely available.
- The transparency trend is growing.



Avoid Green Marketing Mistakes

- Every product has some green aspect; that doesn't make it green.
- A collection of green aspects does not necessarily make a green product.
- No product is truly green – only shades of greener.
- Make sure the target customer understands what makes the product greener without drawing the wrath of others.



Forms of Proof

- Signed declarations
- Copies of test results identifying laboratories and date of testing
- Third-party verification of test results
- Third-party certification to a reputable environmental standard





Do's and Don'ts

Staying Out of Trouble

Biggest Green Marketing Mistake

Do Not:

Just look for some green aspect to highlight; you'll get in big trouble.



Good Advice

Train the sales force.



Better Advice

Train the marketing team.



Best Advice

If you're making a public claim,
provide public proof.



Green Marketing Tips

- Have a good green story to tell.
- Make sure to clearly define the environmental attributes.
- Ensure the green claims are accurate, meaningful, and verifiable.
- Provide proof of any green claim.
- Be humble.



Forms of Proof

- Signed declarations
- Copies of test results identifying laboratories and date of testing
- Third-party verification of test results, including LCA data
- Third-party certification to a reputable environmental standard





Questions?

Scot Case
Market Development Director
Scot.Case@ulenvironment.com
610 781-1684

March 25 , 2011