



# SUSTAINABILITY CONSORTIUM

**SYSTEMS WORKING GROUP UPDATE**  
**Steering Committee Meeting – Jay Golden April 8, 2010**

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# ECOLABELLING.ORG

## WHO'S DECIDING WHAT'S GREEN?

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(eg. coffee, fsc, paper.)

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Ecolabels can help you find green products. This site helps companies and consumers use them. You can browse, search or learn more about ecolabels below.

### SEARCH BY REGION



Global Africa Asia Europe Latin America North America Oceania

### SEARCH BY TYPE

Buildings	64	
Carbon	15	
Electronics	40	
Energy	31	
Food	90	
Forest Products	36	
Retail Goods	74	
Textiles	40	
Tourism	28	
Other	79	

### RECENT BLOG POSTS

#### Global Survey to Index Ecolabel Universe Launches

Vancouver -- Monday, Nov 23rd, 2009 -- Big Room Inc., The World Resources Institute, The Sustainability Consortium, and Duke University today launched a global survey of ec...

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340 labeling organizations invited. 127 surveys completed. 37.35% response rate.

# SEC Notification



## Federal Register

Monday,  
February 8, 2010

75, No. 25 / Monday, February 8, 2010 / Rules and Regulations

### Part III

### Securities and Exchange Commission

17 CFR Parts 211, 231 and 241  
Commission Guidance Regarding  
Disclosure Related to Climate Change;  
Final Rule

These developments may create demand for new products or services, or decrease demand for existing products or services. For example, possible indirect consequences or opportunities may include:

- Decreased demand for goods that produce significant greenhouse gas emissions;
- Increased demand for goods that result in lower emissions than competing products;<sup>74</sup>
- Increased competition to develop innovative new products;
- Increased demand for generation and transmission of energy from alternative energy sources; and
- Decreased demand for services related to carbon based energy sources, such as drilling services or equipment maintenance services.

# Attribution

- Dr Kay Williams  
Team Leader, Sustainable Procurement policy  
and standards including carbon footprinting  
Defra – UK
- Kati Kaskeala  
European Public Affairs Director  
Unilever

# Defra

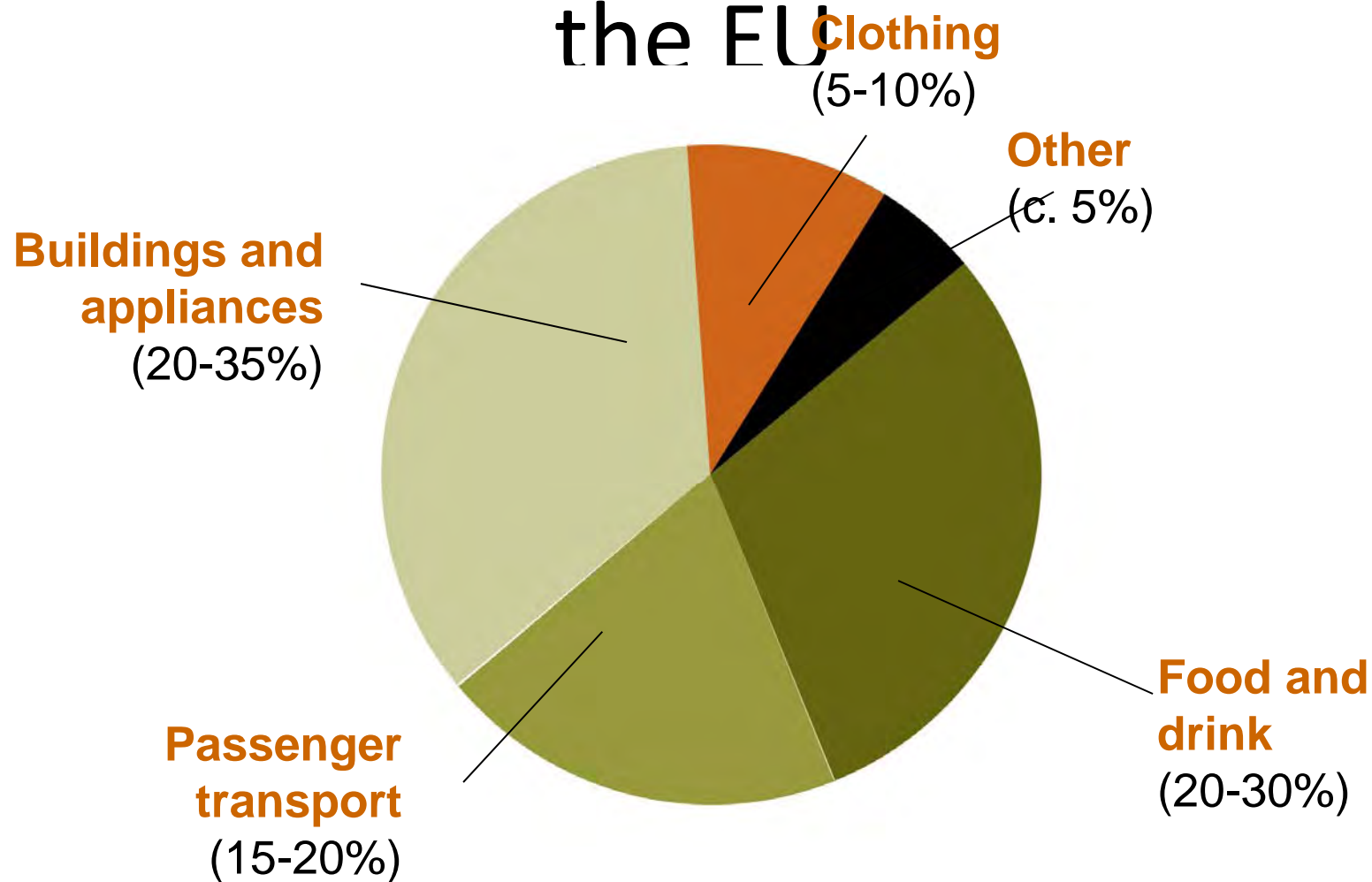
**Our purpose:** *To secure a healthy environment in which we and future generations can prosper.*

**Public Service Agreement 28:** *Secure a healthy natural environment for everyone's well being, health and prosperity, now and in the future.*

**Our priorities:** Promote a sustainable, low-carbon and resource-efficient economy

**Departmental Strategic Objectives:** Sustainable Consumption and Production (SCP); Championing Sustainable Development

# account for bulk of environmental impacts across the EU



Source: IPTS/EPTO (2006) EU Environmental Impacts of Products (EIPRO)

- Updating Green Claims Code
- Improving sustainability of product supply chains - **Product Roadmaps**

EU and UK high impact sectors:	Product or Service Roadmap:
Food	Milk
	Fish
Transport	Passenger cars
Energy-using Products (additional to minimum Standards agreed in EU)	TVs
	Lighting
	Motors
Buildings (no existing actions in Sustainable Construction Strategy)	Window systems
	WCs
	Plasterboard
Clothing/Textiles	Clothing

# EU Policy context & drivers (1)

## Sustainability issues and climate change at top of political agenda

- Pressure on the European Commission to have a holistic and coordinated approach, instead of a variety of individual policies and legislation
- Tendency to move away from only regulating industrial emissions – consumer products moving into focus
- Some attempts to guide consumption and to address full life cycle of products – although it is « easier » to regulate the production phase



## EU Policy context & drivers (2)

- Role of public procurement recognised in driving « green » purchasing
- Fiscal incentives seen as a tool to encourage « greener » consumer behaviour
- Realisation that citizens are consumers and consumers are citizens...

# Sustainable Consumption & Production (SCP) Action Plan

# Action plan adopted in July 2008

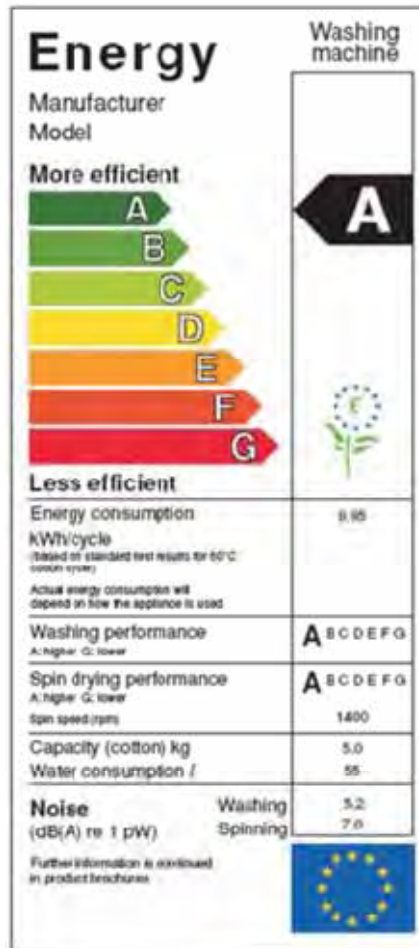
- Policy document, “umbrella” for specific legislation on:
  - Ecodesign
  - Energy Labelling
  - Ecolabel
  - EMAS
  - Green Public Procurement (GPP)
- Aims at improving energy & environmental performance of products and fostering their uptake by consumers
- In addition to specific proposals, the Action Plan set in place the Retail Forum, an Environmental Technology Verification scheme, the screening of regulatory barriers and market failures that hamper the competitiveness of environmental industries, work at international level.

# EU ECODESIGN & ENERGY LABELLING DIRECTIVES

# Ecodesign Directive – adopted in 2009

- Extended scope of existing Directive from energy-using products (e.g. washing machines, boilers) to all energy-related products (= any good having an impact on energy consumption during use)
- Sets minimum requirements for placing on the market of products covered by implementing measures; complying products to be sold with official “CE” mark
- Products to be covered by implementing measures not defined yet, but need to represent a significant volume of sales & trade, have significant environmental impact and present significant potential for improvement. Some products to require “priority action” due to their greater impact.
- “Minimum requirements” & “advanced benchmarks”
- Priority to be given to self-regulation by industry if can deliver same results faster or in a less costly manner; voluntary agreements can be considered equivalent if they meet certain criteria

# Energy Labelling



# EU ECOLABEL



# Ecolabel Regulation – adopted in 2009

- Revision of existing EU Ecolabel scheme (voluntary)
- Widens # of products covered; aim to have 40-50 products groups by 2015
- Makes system less costly and bureaucratic
- Foods to be potentially covered – feasibility study being undertaken
- Encourages harmonisation with other ecolabelling schemes
- Objective to reach 10% market share in product groups covered by the label
- Life cycle approach now embedded in Regulation
- Updated logo and possibility of making environmental claims

# Ecodesign vs. Ecolabel



## Ecolabel (voluntary)

'excellent environmental performance'

Target: top10%.



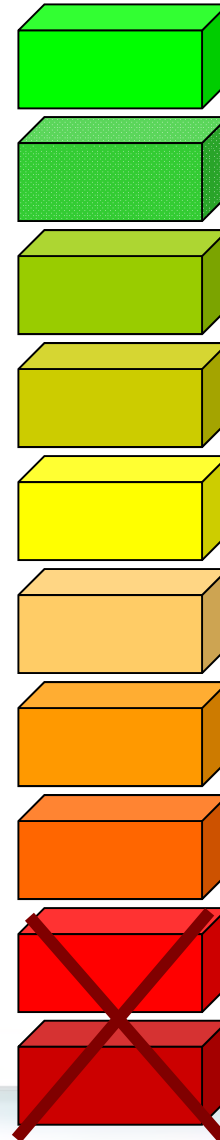
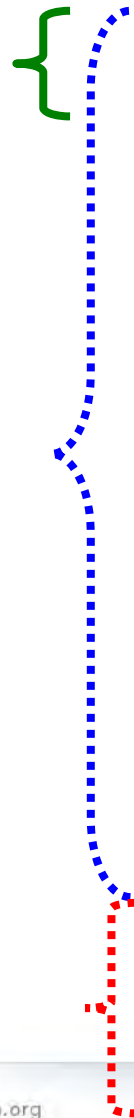
## Ecodesign: possibly a compulsory CE mark

minimum criteria must be met to enter the market

+ « advanced benchmarks » which are on top of minimum criteria but voluntary

## Ecodesign

Products with poorest environmental profile blocked from market



# GREEN PUBLIC PROCUREMENT

# GPP – key elements

- Spending by public authorities accounts for 16% of EU GDP.
- Commission Communication on GPP; not a legislative text; setting a voluntary framework
- GPP = process by which public authorities seek to reduce the environmental impact of goods & services they buy
- Establishing GPP criteria in 10 priority sectors, based on ecolabel criteria.
- Priority sectors include food & catering services and cleaning products & services.
- Target: by 2010, 50% of all tendering procedures should be “green”

# EMAS – adopted in 2009

- Revision of the EU's eco-management and auditing scheme (EMAS); voluntary scheme
- Open to any organisation that:
  - **develops an environmental policy**
  - **establishes an environmental management system**
  - **carries out an internal environmental audit**
  - **develops an environmental statement**
- Aim to increase participation, turn EMAS into best indicator to measure improvements in environmental performance



# RETAIL FORUM



# Retail Forum – key elements

- Set up to “promote the purchase of more sustainable products, to reduce the environmental footprint of the retail sector and its supply chain, and to better inform consumers”
- Other stakeholders such as producers, consumer and other NGOs also involved; but driven by the retailers and the Commission
- The Forum will:
  - identify key areas to be tackled and define the baseline of existing initiatives
  - share best practices, extend the geographical scope of existing initiatives and look to launch new initiatives
  - report on progress
- Objective that individual large retailers will commit to ambitious and concrete actions with clear objectives, timelines, deliverables and monitoring indicators





# Retail Forum: Work Plan 2009-11

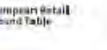


2009	30 April	Energy Efficiency of stores	 EuroCommerce	<input checked="" type="checkbox"/>
	02 July	Optimisation of distribution systems	 ERRT European Retail Round Table	<input checked="" type="checkbox"/>
	22 October	Marketing and effective communication	 EuroCommerce	<input checked="" type="checkbox"/>
2010	25 February	Timber	 ERRT European Retail Round Table	
	22 April	Life-cycle data on daily use products	 EuroCommerce	
	6 July	Annual Event / carbon footprint of stores	 ERRT European Retail Round Table	
	9 November	Labelling	 EuroCommerce	
2011	February	Packaging optimisation/ Waste minimisation	 ERRT European Retail Round Table	
	April	Fish	 EuroCommerce	
	July	Annual Event / review of the Forum	 ERRT European Retail Round Table	
	October	Transport mix and company mobility	 EuroCommerce	



# Retail Forum – issues papers

   		<b>Issue sheet on</b> <b>Marketing and effective communication</b>
<p><b>Introduction</b></p> <p>Marketing has a vital role to play in changing consumer consumption patterns. It enables consumers to find, choose and use sustainable products and services, by providing information, ensuring availability and affordability.</p> <p>Marketing also has a vital role to play in leveraging the company's sustainability credentials to build brand equity. In order to do so, it is vital to ensure consistency with the corporate sustainability strategy; any claims made must be authentic, credible and responsible.</p> <p>Brand values are communicated to consumers through all sales and marketing channels. These messages provide signals to consumers about social and behavioural norms, and are believed by some to have behavioural effects beyond the product or brand from which they emanate.</p> <p><b>Scope</b></p> <p>The subject of marketing and effective communication is very broad and complex. This issue paper will focus on communication and marketing of the environmental aspects of sustainability with the final "average" consumer – not the "green" consumer.</p> <p><b>General Principles</b></p> <p>The first and foremost role of retailers is to provide consumers with the goods and services they want. Retailers have an obligation to inform consumers. However, the final purchasing decision lies with the consumer.</p> <p>Price and performance/quality of products have been identified as the most important parameters for consumers in their decision to purchase or not to purchase products. For example, for fast moving consumer goods (FMCG) a consumer (on average) will decide within only 5 seconds what product to choose from the shelf and on average stay in stores 45 minutes. Furthermore, studies highlight that a typical consumer can only take in up to 7 messages for each product, including the name of the product.</p> <ul style="list-style-type: none"> <li>• <b>Marketing and Communication Instruments</b></li> </ul> <p>Communication consists in providing information to the consumer to enable him/her to make an informed decision while marketing consists in interesting potential consumers in products or services including by means of communication. The distinction between the two proves occasionally very thin.</p> <p>Labels are the most commonly known instrument but there are many others. Examples of some of the most common marketing and communication instruments are:</p> <ul style="list-style-type: none"> <li>• <b>Marketing Instruments</b></li> </ul> <p><b>Products</b>  Advertising (TV, newspapers etc.)  Local goods  Private labels  Environmental Product Declarations  Affordability (placement, pricing, special services)</p> <p><b>Service</b>  Customer loyalty schemes  Customer transport</p>		

   		<b>Issue sheet on energy efficiency of stores</b>
<p><b>The European Retail Sector</b></p> <p>Commerce plays a unique role in the European economy. Commerce serves over a billion times a day as the link between manufacturers and the 500 million consumers across Europe. It is a dynamic and labour-intensive sector, generating 11% of the EU's GDP. One company out of three in Europe is active in the commerce sector. Over 95% of the 6 million companies in commerce are small &amp; medium-sized enterprises. Over 30 million Europeans work in commerce and the sector is one of the few sectors steadily creating employment.</p> <p><b>The energy consumption of retail companies</b></p> <p>One key requirement for the operation of modern retail outlets is a secure power supply. Providing a broad assortment, offering fresh foods daily and creating sophisticated shopping environments entail a high energy demand. Rising energy prices and the effects of climate change increasingly prompt European retailers to address the challenge of continually improving their company's energy efficiency.</p> <p>On average, three quarters of the total energy demand of a sales outlet account for power consumption. The electricity is mainly used for lighting, air conditioning and food refrigeration. Add to this the energy required for heating the sales floor and for water heating.</p> <p>By comparison, among retailers, food retailers have the highest specific energy consumption followed by textile retailers and DIY and furniture stores. Improving the energy efficiency, especially in the field of building and technical services, appears to be particularly reasonable in view of the high share of power consumption.</p> <p><b>Lighting</b></p> <p>Store design and an attractive merchandise presentation are increasingly becoming a competitive factor. The lighting concept of a retail location in this context plays a decisive role, in particular in the textiles and furniture segment. Moreover, also legislation for the lighting of retail areas has to be observed with a view to preventing accidents of customers and store employees.</p> <p><b>Ventilation systems</b></p> <p>Nearly all retail locations use ventilation systems to ensure air exchange which is mainly required for hygienic reasons. The ventilation systems that provide for a continuous inflow of fresh air are driven by powerful electric motors. On average, these systems frequently run for over 2,000 hours per year. Owing to the store opening times, which vary considerably across the European retail sector, the corresponding power consumption shows regional variations. But the continued trend towards longer opening hours leads us to expect generally rising operating times in future.</p> <p><b>Heating/air conditioning</b></p> <p>For today's customers, a comfortably tempered store environment is taken for granted. In addition to energy consumption for heating during winter time the rising average temperatures in Europe also result in increased operating times for air conditioning systems. Here, too, regional differences have to be taken into account. Customer expectations regarding a pleasant shopping atmosphere may vary substantially from one country to the next.</p> <p><b>Food refrigeration</b></p> <p>The stringent requirements of European food law and the rising customer demand for convenience and fresh products call for extensive food refrigeration. The refrigeration of fresh and frozen products accounts for up to 50 percent of the energy consumption of a food-driven retail location. Irrespective of whether the stores are equipped with stand-alone refrigeration units or refrigeration systems, maintaining the cooling chain and thus the product quality 365 days per year, 24 hours a day, always involves high power consumption.</p> <p>The energy consumption of a retail outlet may vary considerably as a function of the format and segment. In this context, food retailing shows for the highest specific consumption owing to the high power consumption for food refrigeration and merchandise presentation in the fresh produce areas.</p>		

## FRENCH “GRENELLE”

# Focus on Environmental information on products

# The Grenelle law - a brief reminder

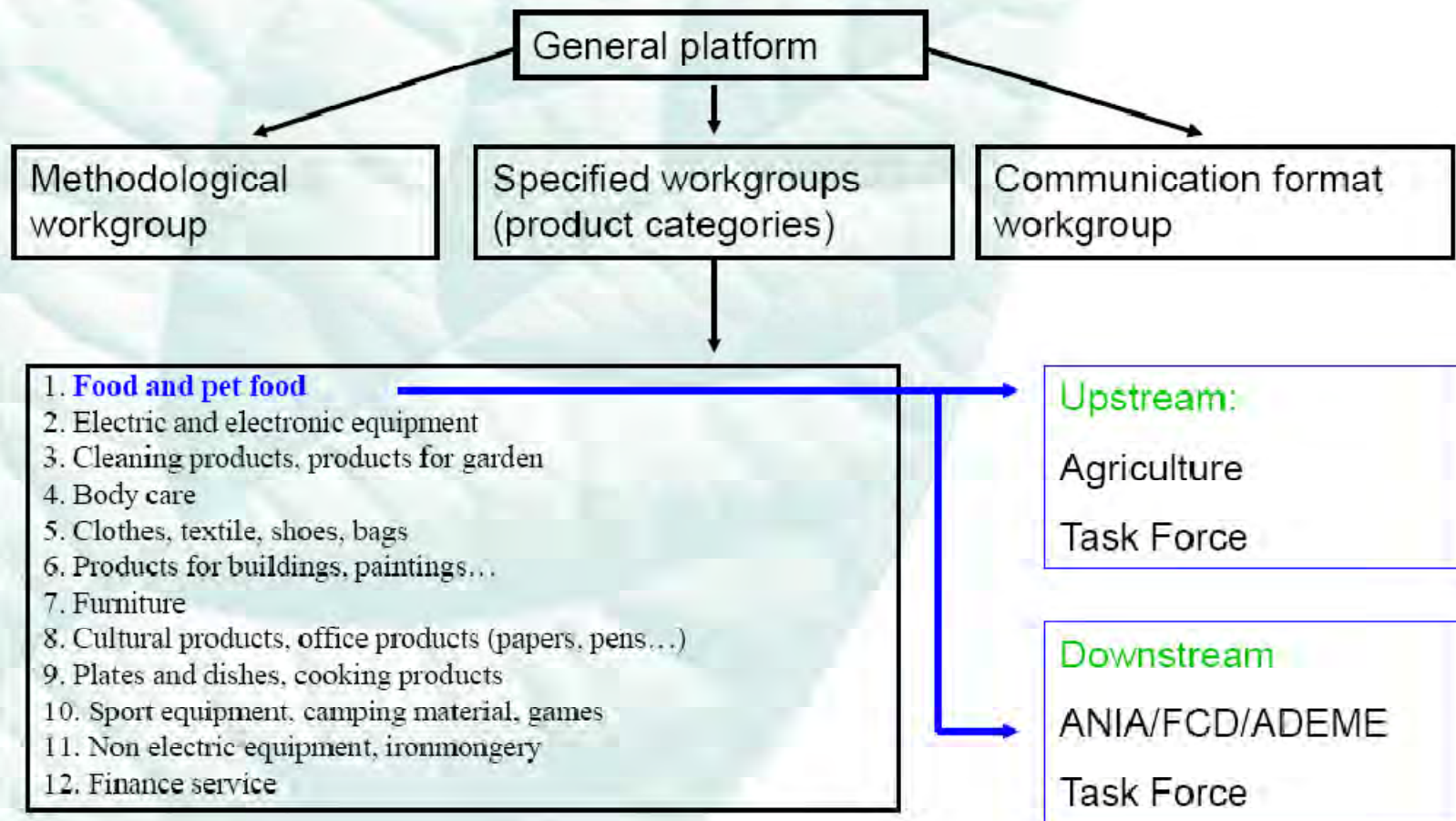
- **The draft Grenelle law adopted by government on 7.01.2009 foresees in article 85 the following additions to the consumer code:**  
*“As from 1 January 2011 the consumer shall be informed by way of marking, labelling, presentation or any other appropriate means, of the carbon equivalent content of the products and their packaging as well as of the consumption of natural resources or the impact on the natural surroundings which are attributable to these products during their life cycle. Government decrees will specify the modalities and implementation conditions for each category of products and according to their mode of distribution.”*
- The objective of the environmental communication is to allow the consumer to use the information concerning the environmental impacts of a product throughout its life cycle as a choice criterion when deciding on a purchase.

# The environmental information has to take into account the following principles:

- Life Cycle Approach (ISO 14040 and ISO 14044)
- Multicriteria approach
- Carbon footprint is required for all categories of products
- Indicators are the same within a category (same functional unit)
- Limited number of indicators per category
- Product and packaging are treated as a whole
- Harmonised communication format



# Organization of the ADEME/AFNOR platform



# Environmental indicators

- Need to propose for each group of products a set of environmental criteria that best describe their impact on the environment.
- Great unanimity for food products:
  - **Potential climate warming**
  - **Impacts on water via eutrophication and ecotoxicity**
  - **Impact on biodiversity**
  - **No solid waste criteria**



# French retail (FCD) analysis of the advantages and disadvantages of various envisaged means of communication.

## On pack labelling

### Advantages

- Visible when purchasing
- Data still available after purchase

### Disadvantages

- Technical constraints for multilingual products
- Prohibitive constraints for certain products
- Costs for the setting up, updating and for change of pack
- Delay between scientific validation and placing on the shelves.
- Consistency with eco-label
- Legal issue with EU law (free movement)
- Products sold without packaging
- Risks of invalid environmental information for multi-supply or multi-destinations
- Adding information can require to use more packaging material

## **French retail (FCD) analysis of the advantages and disadvantages of various envisaged means of communication.**

- Other means of communication analysed by the FCD:
  - Laser printing on-pack
  - On-shelf (price label)
  - Specific Internet terminal in the shop
  - Price terminal (with bar code)
  - Code/tag + decoding device
  - Bar code or code/tag reading with cell phone (smartphone)
  - Internet Website
  - Catalogues and advertising supports
  - Paper supports in shops
  - Representative in shops

# Implications of Grenelle at EU level

- French implementation decrees need to be notified to the European Commission
  - Commission and Member States can react
  - Should not create barriers to the internal market

**French law could be seen as an example of “best practice” – Commission or individual Member States could decide to follow the example...**