Global Ecolabelling Network Annual General Meeting
International Conference
Challenges to greening markets through ecolabels

MINUTES

European Commission - DG Environment
5 November 2013
Crowne Plaza Brussels - Le Palace
Rue Gineste 3, B-1210 Brussels – Belgium

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9.30 – 10.20 Welcome/Opening speeches

1.1 Chair: Pavel Misiga, Head of Unit "Circular economy and eco-innovation", DG Environment, European Commission

Mr. Misiga's welcome speech pointed out that the names of the different rooms at the venue such as "vision and clarity" and "harmony" set the mood for the conference. He furthermore stated that these terms may serve as inspiration for conference participants to sink into their roles in order to have a productive week focused on working on a new framework for sustainable production and consumption.

1.2 Janez Potočnik, Commissioner for Environment, European Commission

Mr. Potočnik set the tone for the conference with his speech on "Why do we need ecolabels". Several statistics outlined the importance of this topic: **global data shows that 86% of consumers are concerned with climate change**, 71% say that they preferred to buy goods that are produced close to home, and more than half of consumers look for eco-products or consider environmental and social aspects in their purchases. **There are over 400 labels in today's market**, and while some of them demonstrate a clear purpose, misleading and deliberately confusing environmental claims reach nearly one third of consumers. The dishonesty of this "greenwashing" through labels ruins the credibility of the trustworthy ones and creates an administrative burden for certain companies.

The consumers that do have faith in environmental claims are those that place a high importance on the type I labels—those that are verified by a third party.

In 2015, a new revision of the EU Ecolabel Regulation is foreseen. Therefore, this conference could also help to identify what kind of changes should be made to the scheme.

The European Commission is always looking for ways to improve the reliability of environmental information provided to citizens in Europe. Firstly, they are studying and monitoring the use of green marketing and claims across various markets; secondly, they have developed a harmonised method to calculate the environmental footprint of products along their life cycle (which will allow everyone to define how green a product is against a certain benchmark within the same product category); lastly, they are exploring any additional measures that need to be taken.

Mr. Potočnik's team has just launched a three year pilot scheme where they will work with 25 sectors in order to develop specific common category rules to calculate the environmental performance of products sold in Europe. This pilot scheme will enable consumers and business partners to compare the environmental performance of similar products. This will be especially influential for the EU Ecolabel and other type I ecolabels, which will benefit from the European footprint methods. Mr. Potočnik furthermore looked forward to his team's publication of a comprehensive package on resource efficiency and the circular economy. The package will include a review of targets in waste legislation that will focus on all stages in a product's life cycle and on their inter-relationships. This new booklet will be published in 2014.

1.3 Robin Taylor, GEN Chair of Board of Directors

With equal enthusiasm, Mr. Taylor, Chair of GEN since 2008, expressed the challenge of greening markets through ecolabels. He pointed out that an essential instrument of success must lie in market improvements of ecolabels.

He noted that since there are people worldwide working on making ecolabels more transparent and credible, we need to all join efforts in an "international peer revision" manner in order to ensure a successful outcome.

He restated that it is questionable to identify what kinds of ecolabels are wanted in the future. He then gave a brief summary of the three types of labels:Type I is third party certified and the most monitored. Type II ecolabels can be self-declared and have minimal to no verification. Type III ecolabels provide all types of environmental-based information and leaves the judging up to the consumer.

Mr. Taylor explained that ecolabels and GPP will not in themselves solve the world's sustainability problems, but they are contributors to that effort. However, we still must carry on in order to assume our role in contributing to the movement, the real key for green markets lies in a combination of forces.

1.4 Euan Murray, The Sustainability Consortium

As the Chief Strategy Officer of Sustainability Consortium, Mr. Murray made his speech on a topic that he is especially passionate about - the role and perspective of retailers regarding ecolabelling.

The Sustainable Consortium's goal is to help companies build sustainability in their products and businesses by facilitating their 100 member businesses, including: Marks and Spencer, Wal-Mart, Tesco, Unilever, BASF, L'Oréal, WWF, DEFRA, and many others in order to focus on sustainability hot spots across a product's lifecycle.

The fundamentals for sustainable communication can be outlined in 3 questions:

1. Can we define good performance of the product against sustainability criteria? How?
2. Can we consistently measure good performance, and is it easy and cheap to audit the results and deliver the message?
3. Does information help drive action? Are we in the situation where we are given the right people and the right information to then in turn help them make a sustainable choice?

→ We should to be able to answer "yes" to all of these questions.

Mr. Murray then pointed out the evident fact that companies gain credibility, recognition by consumers, and are rewarded with extra sales when certified ecolabels are used. Ecolabels work best when they highlight a single issue or group of related issues (e.g.: CO_2 emissions). Too many issues tied to one ecolabel can weaken the ecolabel and confuse the consumer. Consumers and retailers look for labels that are clear and consistent.

When demonstrating a product's carbon footprint to a consumer and retailer through a label, the visual identity of the label must be detailed, yet relevant to the consumer's needs. For example, a bag of Walkers chips has an ecolabel indicating that its carbon footprint is 75g of CO_2. Market research shows that customers trust numerical scoring systems. However, when consumers see this CO_2 label, they do not know how to interpret it or how to gauge whether the number represents a good level of CO_2 or not.

Market research states that people care about the environment; however, they need to have confidence in companies that they are doing all they can in order to instil transparency. Companies also need to educate consumers and teach them simple ways to be sustainable at home, for example, to keep the lid on a pot when cooking on the stove.

Mr. Murray closed by stating that there are two pending topics that need to be resolved in order to move forward:

1. We need to find new opportunities for type I endorsement ecolabels (because they are based on comparable data and are perceived as more reliable by consumers)
2. We need to identify what consumers want to design a measurement system based on that need. People, rather than science needs to be front and centre in order to ensure success.

10.40 – 12.45 Session I – Regional and global perspectives: current state and future trends for ecolabels

1.5 Chair: Fanny Demassieux, United Nations Environmental Programme (UNEP)

Ms. Demassieux opened up by saying that ecolabels are a means, not an end. Even though not all companies apply for ecolabels, some still use the criteria as guidelines for their own, and therefore contribute to decreasing the environmental impacts of products.

Ms. Demassieux mentioned that despite the efforts of relevant actors, one of the conclusions from a conference that she previously attended was that participants were not sure whether or not ecolabels are beneficial. This is important to take into account so that we understand how and where perceptions stem from.

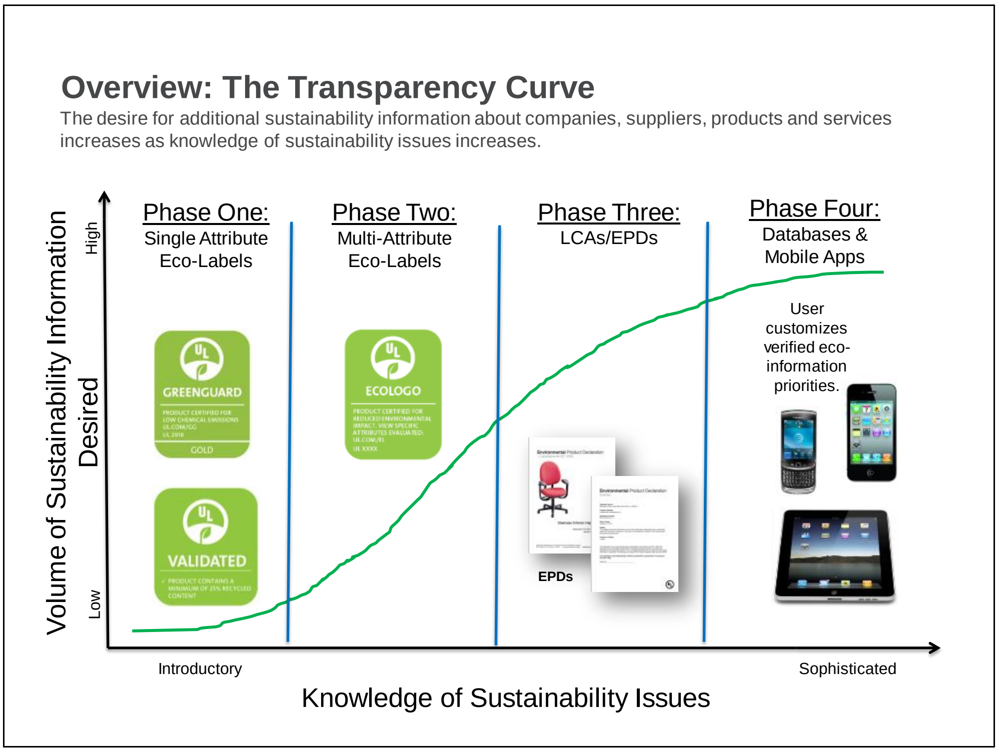
Despite this idea, the UNEP believes that ecolabelling is a good tool to connect different stakeholders. The **UNEP encourages the use of ecolabels by providing capacity building to SMEs through governmental assistance and have already gone to 13 different countries to assist in implementing it**. This is done in order to create a positive environmental policy to foster the use of ecolabels. The vision for the programme is: a world where consumers everywhere act sustainably because they are presented with options and information that enable them to do so.

The UNEP hopes to achieve this by:

- Improving availability, methodologies and quality of consumer information;
- Enhancing communication to drive behavioural change;
- Driving change in business and government.

1.6 A North American perspective - Angela Griffiths, EcoLogo

Ms Griffith gave an overview of the Transparency Curve (see chart below), which is defined as: The desire for additional sustainability information about companies, suppliers, products, and services, and furthermore how this desire increases in accordance with the knowledge of sustainability issues.



The Transparency Curve, which outlines the desire to obtain information on sustainable products, can be seen in the chart above. Phase one is marked with the introduction of single-attribute ecolabels, which started the upwards curve towards where consumers are currently at, Phase Four: Databases & Mobile Applications. This Transparency Curve demonstrates how consumer awareness on sustainability issues prompts consumers to seek more information from different portals. Since consumers in our day and age have grown accustomed to obtaining a wide variety of information on mobile applications and databases, it is normal that they wish to access information on sustainable products as well.

Ms. Griffith then shared several statistics related to green procurement drivers. The USA Federal government spends over $350 billion each year on products and services; these dollars are to be spent on environmentally preferable products. Three out of four purchasers have a responsible purchasing policy while 75% of the rest foresee that they will adopt one. 71% of retailers market sustainability to enhance brand image and mitigate risk. To round out with a last and impressive statistic, Ms. Griffith informed participants that sales of environmentally friendly products in the US exceeded $40 billion in 2012.

It was outlined that the Federal Trade Commission's guidelines on green claims focus on "greenwashing" and what should and what should not be claimed in order to achieve transparency and disclosure.

Several initiatives have expanded in the US, including EPEAT, which is the global registry for greener electronics (although not a type I label, the EPEAT initiative helps to identify greener computers).

The presentation ended with an indication that the newest environmental trends are: impressive interest in risk-based approaches to environmental standards from manufacturers, industry associations, and scientific associations.

Questions posed by the audience:

- Question 1 (Italy): *Is Ecologo part of UL Environment?*
  Response 1: *Ecologo is a small part of the activities of UL Environment, but we also have rating systems, we check green claims, therefore our organisation is quite large.*
- Question 2 (Netherlands): *Are you familiar with the EU green program relating to renewable energy credits?*
- Response 2: *Yes, I am familiar with it, it is quite transparent for renewable energy systems, it is also connected with labels on products, however this label is a single purpose label that tracks energy.*

1.7 A South American perspective – Guy Ladvocat, ABNT Brazil

Mr. Ladvocat introduced the UNEP Project on Sustainable Public Procurement and Ecolabelling (SPPEL). The objective of this project is to provide capacity building for ecolabelling, provide technical assistance to public and private sectors on development, and to stimulate the demand and supply of sustainable products in the Southern Cone region of South America. Brazil currently implements a sustainable procurement platform, while Chile, Paraguay, Uruguay, and Argentina have similar initiatives. SPPEL will continue to be achieved through government purchasing power and through the identification and verification of a sustainable (ecolabelled) product.

The steps taken to assess the region's readiness for a collective type I ecolabel were first to:

- Promote and enable ecolabels (establish firm foundation for ecolabelling);
- Adapt and develop a benchmarking system to include a set of criteria against which existing ecolabels, new ecolabels, and voluntary standards in the Southern Cone can be assessed;
- Establish a new type I ecolabelling programme for the Southern Cone region. This is a long term opinion that needs to be discussed with stakeholders.

Currently in Brazil, the Beija Flor ecolabel is the only Type I ecolabel in South America. It has 11 product group categories and 243 certified products.

The conclusion of the feasibility study of the Southern Cone is that although there has been advancements, this region is not yet ready for a fully-fledged ecolabelling programme such as the Nordic Swan. Implementing a type I ecolabel is still a long term objective.

Questions posed by the audience:

- Question 1: *When will the decision for a possible new ISO type I ecolabel in South America take place?*
  Response 1: *For the moment, this is only a possibility; there is not a common understanding whether or not the other countries would like to take part in this.*
- Question 2: *What is the consumer's reaction to the type I labels in Brazil?*
- Response 2: *The interest is growing but it is not yet strong enough. It is mostly noticeable when there is a buyer actively looking for environmental products.*

1.8 A European perspective – Henning Scholtz, European Union Ecolabelling Board

The President of the EUEB and the EU Ecolabel German Competent Body, Mr. Scholtz gave a quick overview of the EU Ecolabel. Since the EU Ecolabel is a voluntary label made up of scientifically based criteria, it is a market-oriented instrument and a transparent tool in defining environmentally friendly products and services. Only food and medicinal products are excluded from the scheme.

The EU Ecolabel has been managed by the European Commission since 1992 and has gained significant attention over the years within Europe and worldwide. Criteria are revised every 3-4 years for the 31 existing product groups covered by the scheme today. Producers, manufacturers, importers, service providers, wholesalers, and retailers can voluntarily apply to have their products or services EU Ecolabelled. **The most EU Ecolabelled products can be found in Italy and France, but collectively there are currently more than 25 000 EU Ecolabelled products.**

Type I ecolabels are needed to meet the demands of today's consumers. It is clear that in combination with all of the European-based national ecolabels that came into existence before the EU Ecolabel, there are several ecolabels that coexisting on the European market. However, the European Commission Regulation No 66/2010 Article 11 states that two labels can live symbiotically, and this cooperation can prove to be beneficial. If a company bears two labels, these two certifications can promote cross-country sustainable marketing.

Mr. Scholtz closed his speech by mentioning that Article 11 of the EU Ecolabel Regulation promotes competition, cooperation, and harmonisation of ecolabels in Europe. This article is similar to the purpose of GEN at the international level.

Questions posed by the audience:

- Question 1 (Australia): *What is the driving force of countries to purchase and obtain the label?*
  Response 1: *Since countries like Italy and UK do not have a national ecolabel, companies see the EU Ecolabel as a good investment.*
- Question 2 (Israel): *Why do the figures only include the EU Ecolabel and not the national labels? It seems like we are missing a lot of information by doing this.*
  Response 2*: This presentation was intended to only cover the development of the EU Ecolabel*.

1.9 An Asian perspective – Osamu Uno

Mr. Uno's presentation focused mainly on outlining the progress of their China, Korea, and Japan's mutual recognition agreement (MRA) on ecolabels, but first dove into each national label.

Summary of National Labels			
Country	China	Japan	Korea
Ecolabelling Organisation	China	Eco Mark	Korea Eco-Label
Established in	1994	1989	1992
Number of criteria	97	56	150
Number of Products	35 00	5 00	10 046

On Sept 2005, China, Japan and Korea agreed to harmonise their ecolabelling criteria at the 5th round table meeting in Japan. They signed an MRA on multi-functional devises (MFD) identifying it as a certified procedure. Common criteria on personal computers and DVDs have already been signed on.

The roadmap for next couple of years is to:

1. Increase common criteria categories and accelerate development of common criteria (three countries choose a target category individually);
2. Increase successful cases with MRA (carry out case studies);
3. Enhance CJK cooperation (should they do audits, sampling tests)?

Questions posed by the audience:

- Question 1*: All three countries are very important for domestic markets—but many products are exported to Europe and North America. Do the certifications apply when the product is sold in America; is there a relation with North American ecolabels?*
- Response 1: *Japan cooperates with the Nordic Swan and the Blue Angel, but there is no national ecolabelling organisation that all three (Japan, China, Korea) collaborate with collectively. Any cooperation is mostly done on a national level. However, there is a mutual recognition for the Chinese and Korean certification in Germany (Blue Angel).*

1.10 KEITI/CEC/JEA; Chin-Yuan Chen, Environment and Development Foundation, Chinese Taipei

According to Mr. Chen, MRAs are beneficial as they reduce costs of international green products, increase green product supply for consumers and governments, and break down trade barriers. The first MRA cooperation was established in 1995 with the green Mark and Environmental Choice (Canada). The collaboration for the audit and verification was successful because both parties agreed to recognise and accept the other party's affiliated auditing and verification organisations.

Mr. Chen explained that the Global Ecolabelling Network's Internationally Coordinated Ecolabelling System (GENICES) is a Multilateral Mutual Trust Loop (MMT).

Although licence holders of foreign ecolabelled products rarely apply for the green Mark in addition to their existing certification, these applications are not uncommon. However, if a green Mark licence holder tries to apply for a foreign label, the verification is done by the Environment and Development Foundation (EDF).

Mr. Chen concluded by stating that **MMT will be an essential instrument for policy making in the next 3-5 years**. GENICES should be one of our main focuses because as of now, it is the most efficient way to facilitate MMT and enhance international certification of green products. Furthermore, for manufactures, the certification cost can be reduced by 10%-40% when developing common core criteria; the difference in verification requirements needs to be first clarified through sampling, third-party or self-declared test report.

1.11 An African perspective – Christine Kalui, GIZ AEM Secretariat

The last speaker of the Round Table discussion was Ms. Kalui from the African Eco-labelling Mechanism (AEM). The AEM initiative stems from the World Summit on Sustainable Development in Johannesburg in 2002.

A follow up study was led by the UNEP in 2006-2007 to develop the ecolabelling strategy in Africa. The findings of this study reflected that there is a large number of existing labels in Africa, mostly international and sector specific labels (MSC: fisheries-focused, FSC: forestry-focused, IFOAM-organic farming focused). Out of these labels, only some are implemented on a regional level, and in general, the level of certifications and products available in Africa is very low. Furthermore, African ecolabelled products are not well distributed worldwide. On a positive note, there are a significant number of international supporters of African ecolabelling such as: UNEP, BMU, GIZ, and SIDA.

Since the funding for African ecolabelling bodies is relatively inexistent, SMEs assume this role. However, since SMEs are confronted with numerous projects and tasks surrounding the sustainability movement in Africa, there is not always ecolabel-specific support.

For these reasons, Africa needs support for marketing, capacity building, networking, data research and management in order to successfully build Eco Mark Africa. The ultimate goal is to ensure that African products maintain high quality, that the development of sustainability standards is promoted, and that she hopes there will be African-wide participation to make the Eco Mark a success.

1.12 Type I ecolabels - what we have achieved and what remains to do, Robin Taylor, GEN

GEN Chair, Mr. Taylor, presented GEN, Type I ecolabels achievements and its current challenges.

-Mr. Taylor discussing Type I Ecolabelling-

There are currently 132,000 GEN products certified worldwide, GEN operating in 57 countries and more than 20,000 companies that favour the forest stewardship council certified products in procurement policies. Companies as a collective whole can boast billions in annual sales. Impressively enough, there is type I ecolabelling in all corners of the world (Middle East, Asia, Oceania, North America, South America, and Europe).

Current challenges are:

- Governmental programs in developing economies are not necessarily geared towards ecolabelling;
- Engaging procurement professionals within this effort is not evident;
- Must find an efficient way to enhance collaboration between programs;
- The profile of GEN must be raised;
- All Ecolabels are not created equal (There are over 400 green labels on the current market, however there is a lot of "greenwashing" that must be considered.

Questions posed by the audience:

- Question 1: *Is GEN working on ranking ecolabels?*
  Response 1: *Ranking is extremely complex. Creating a ranking system is a project that is not a concern to GEN. After all, it is hard to compare a horse to a Porsche!*
- Question 2 (Italy): *Are there any studies of benchmarking between ecolabels, for example, consumer awareness?*
- Response 2: *You can find all information on the GEN website regarding the differences between developed and developing countries.*
- Question 3 (Singapore): *How can GEN help stakeholders raise awareness in Singapore?*
- Response 3: *We can help you produce materials and more marketing tools, but we cannot help out with funding. However, you should realise that Singapore is doing quite well! When I visited, I was very impressed about your country's ecolabelling mechanism.*

1.13 The role of the different players: governments, producers, retailers – Michele Galatola, DG Environment, European Commission - Towards a new generation of ecolabels

Mr. Galatola dove into the role of different players. While governments ensure the integrity of ecolabels that exist on the market, it is difficult to balance market freedom and market control. Moreover, the undying question remains: *Where are we going to get the necessary resources?* The effects of trade agreements in relation to the effectiveness of environmental labels have been clearly seen.

Producers strive to increase competitiveness by enhancing their corporate image and gaining market share. The challenges that arise for producers are information gaps, proliferation of self-declared labels, and dealing with existing labels that are not fit for the correct purpose.

In any case, ecolabels can play a driving role in resource efficiency and environmental improvements at the global scale by **increasing materiality**. We need to focus on what really matters from an environmental point of view, and abandon the "ivory tower" to become less ideological and more result-oriented.

For retailers, brand positioning is essential in order to reduce the information gap. Mr. Galatola suggested that retailers should be less passive and instead, actively strive to meet the consumer's need. If they identify what is important to the consumer, targeting them will be much simpler.

Mr. Galatola concluded by reminding participants that the EU Ecolabel will go under revision in the coming months, which could open up the doors to a radical change.

13.45 – 16.15 World Café – Challenges for ecolabels in the next 3 years

The second part of the day challenged participants to actively engage with one another. Participants were split up into four different working groups to take part in *World Café* style discussions.

<u>The topics of the 4 working groups</u>:

- Which kind of ecolabels do we want in the future? type I vs. type II/III.
- What is the environmental impact that we are looking at? Significant vs. not-significant criteria and environmental vs. sustainability labelling.
- How can retailers help promote ecolabels? What can motivate retailers to promote ecolabels?
- Should ecolabels be granted only to locally-produced goods? Environmental impact of transport; is there trust in other countries' declaration of environmental standards?

The methodology of the World Café is based on the recognition that collective intelligence is bigger than the individual one. Participants sit together, much like if they were in a café and are encouraged to listen to each other, discuss thoroughly, and challenge themselves. From time to time the facilitator would stop the discussion and ask tables to share their conclusions. At the end of the session, facilitators and EU policy officers summarised participants' ideas and findings and visually presented conclusions in an interactive manner, as can be seen in the Session 4's photograph on the right side.

Session 4's interactive flow chart of ideas

Session 1: Which kind of ecolabels do we want in the future? Type I vs. Type II/III

Participants were asked to split into groups of four people per table. Then, three key questions were asked:

1. What is currently working well for each type of ecolabels?
2. What are the main challenges?
3. What are the levers (to tackle the challenges)?

The group had 20 minutes to discuss each of the question and to draft their conclusions on paper cards. After each question, the composition of the table changed in order to mix groups. The outcome of the three discussions can be seen in the 3 charts below:

Question 1: What is currently working well for each type of ecolabel				
	Type I	Type II	Type III	All Types
Type I	Reliability (reliable and transparent process) Interlinking policies Way to define where good performance is Multiple criteria		Stakeholders involvement and balanced participation of stakeholders Credibility Independent verification	
Type II		Easy to understand Flexibility and simplicity Industry commitment Relevant/responsive to market needs		
Type III			Identifies hotspots across the supply chain Consistent methodology Scientific data Strong rules on false claims or strong NGO Markets monitoring	
All Types				Consumer support

Question 2: What are the main challenges?				
	Type I	Type II	Type III	All Types
Type I	Incentives (GPP, taxation, VAT reduction, funding) Financial support, fiscal incentives Legislation enforcement Enforcement by authorities Retailers requirements greener procurement policy Focus on essentials Mutual recognition (and harmonization of core criteria)	Consumer awareness (information, education)	Availability of data	
Type II		Industrial agreement on core criteria on environmental claims		
Type III			Existence of PCR Financial support from governments Available data	
All Types				Economic tools Increased communication, marketing, campaigning greening the supply chain (institutional buyers) Industrial programme Enforcement by authorities

Question 3: What are the levers (to tackle the challenges)?				
	Type I	Type II	Type III	All Types
Type I	What comes first-demand or supply Robust but still attainable criteria Ensures return on investments in ecolabel for the industry (cost, market pull) National schemes vs. global market Mutual recognition and harmonization Scientific based criteria Financial support to expand/increase number of criteria Increased competition How to integrate type I/PCR into type I	Recognition being poor Increase consumer awareness-penetration	Competition of type I and III Balanced flexibility with standardized requirements – more flexible	
Type II		Credibility issue Relevance, misses the key points Balanced flexibility with standardized requirements-less flexible Credibility		
Type III			Lack of benchmark/benchmark of environmental performance Cost Complex to and understand Simplifying the communication to consumers Lack of benchmark of environmental performance (difficult to compare) How to integrate type III/PCR into type I	
All Types				Impact "greenwashing" Consumer education Recognition being cool Mushrooms and lack of distinction between them

Mr. Galatola summarised the session 1 by indicating that there were lots of ideas on the type I and type III ecolabels and that collectively, participants see a real potential for these two labels. Going through the benefits, challenges and levers identified, it was concluded that there might be a future possibility of a type I and III hybrid label. As for type II ecolabels, it was concluded that they need to become more transparent and credible.

SESSION 2: WHAT IS THE ENVIRONMENTAL IMPACT THAT WE ARE FACING? SIGNIFICANT VS. NOT-SIGNIFICANT CRITERIA AND ENVIRONMENTAL VS. SUSTAINABILITY LABELLING

Ms. Mautone (DG ENV) encouraged participants to discuss the environmental impacts that ecolabels face, then to assess which criteria should be used, from a scientist and consumer point of view. The participants were asked to address what environmental ecolabels target, and entertain the possibility of evolving environmental ecolabels into sustainability ecolabels. This latter type of ecolabels could address the quality, impact on health, ethics, etc. of a particular product.

The EC policy officer and the facilitators launched the world café with introductions

Participants lined up in alphabetical order, depending on the city where they were from

Question 1: Why should the criteria focus on the most significant environmental impacts?

- Group 1: <u>Key words: "Multi-criteria" and "Relevance".</u> Since the methodology of type I ecolabels is multi-criteria, criteria cannot be set for everything. Therefore, the group proposed to focus only on two or three main criteria (not necessarily based on LCA but also stakeholder consultation) or to focus only on a few products that are the most ecologically damaging.
- Group 2: <u>Key words: "Quality and Safety".</u> Quality and safety are a minimum for consumers, therefore every ecolabel should take these criteria into consideration.
- Group 3: <u>Key words: "Why not" and "Continuous improvement</u>".

- Group 4: Key word: "Identification". Focusing on the most significant impacts enables optimisation of certification costs, simpler communication, and identification of the product with environmental impacts.
- Group 5: Key words: "Processes" and "Packaging". Ecolabels should not only evaluate products but processes as well (require an ISO 14000 certification for example). In addition, packaging should always be included within the scope of ecolabels.

Participants exchanging business cards, like in a café

Ms. Mautone summarised the discussion by stating that when choosing the criteria, the concept of **relevance** along with LCA should be taken into account. In other words, criteria can be influenced by many factors, including current activity in the European Commission (i.e. if there is a sustainable policy in action, this topic may reflect in the criteria). Finally, it seems that health and quality cannot be ignored when setting criteria.

Question 2: What are the advantages of limited and unlimited labels?

This question touched on restricting or broadening ecolabels. Should ecolabels only encompass environmental issues (limited label) or should it take sustainability into consideration to include social aspects and ethics (broad label). The responses can be seen in the table below:

Advantages of limited labels	Advantages of unlimited labels
Easier to measure, access data Simple to understand More reliable Can be used for a future multi-criteria ecolabel	Meet more consumer expectations Help consumers to compare better products based on their overall performance Help the purchasing choice Include ethics, sustainability Number of criteria depends on the product category (we can evaluate 10 criteria but select 3)
Disadvantages	**Disadvantages**
Less information, so less significant Miss ethics, compromising on important issues	Difficult to set criteria for other aspects (e.g: social) => challenges for certification and manufacturing (identify all the steps and all the impacts) Complicated and the quality of the information is not proven => less quality insurance Can be misleading to the consumer as the content of the standard is not known It is impossible to have 300 criteria Costly)

The collective opinion of participants was that an "unlimited" label would be an ideal next step, because this type of label would take quality, health and social aspects into consideration.

However, participants acknowledged that this idea may not be feasible, because hypothetically speaking, an applicant for an unlimited label may lack competence in assessing social aspects, and the procedure to apply for such a label may be much more complex and costly.

-Participants at the end of the discussions-

SESSION 3: HOW CAN RETAILERS HELP PROMOTE ECOLABELS AND WHAT COULD MOTIVATE THEM TO PROMOTE ECOLABELS?

Question 1: What is the added value for retailers to have eco-labelled products in their shops?

- Group 1: Since many retailers are conscious of their impact on consumer culture and behaviour, by retailing ecolabelled products, it would be a way for these actors to take an environmental leadership stance, especially within a country where its government is not particularly active in environmental initiatives. Furthermore, retailers who sell green products can obtain access to unique revenue from the same type of customer (niche market share) and can create campaigns to reach consumers. Growing publicity on retailer environmental initiatives may encourage the retailers themselves to "greenify" their internal operations. However, there was some scepticism on whether or not there are enough ecolabelled products to use as motivation for retailers to invest in the concept of promoting ecolabels.
- Group 2: Conversation surrounding the brand image of a company outlined a potential conflict. Retailers such as (Marks & Spencer and Tesco) may find it challenging to succeed in instating credibility in their environmentally friendly/socially responsible internal operations and branding, while at the same time integrating type I ecolabels into their structure. It was argued that integrating type I ecolabels gives the customer the choice to select a third-party certified type I ecolabelled products, or the retailer's environmentally friendly branded products. Participants were unsure as to which one consumers would prefer in the long run. In a best case scenario, these companies would gain new market

shares, lock down consumer trust, and demonstrate their commitment to the environment by integrating type I ecolabels and moving forth with green internal operations.

<u>Question 2:</u> What kind of incentives could be created for retailers to promote ecolabels?

- Group 3: Creating legislation that enforces retailers to sell ecolabelled products, obtaining marketing support from GEN for the promotion of ecolabels, relying on the influence of competitors (if one starts, the others will follow), being the 'first mover' to promote a specific ecolabelled product to create buzz (e.g. Sainsbury's was late in sourcing fair trade products, therefore when they did, they organised a branding campaign to shine light on their efforts). Some participants mentioned examples of companies that only had one ecolabelled product and were nonetheless regarded by customers as selling only eco-friendly products, which shows the positive consequences of retailing ecolabelled products.

<u>Question 3:</u> What are easy actions that can be done in the short term, and what are complex actions that need more thought for long term?

Participants were given red or green stickers and had to select different proposed actions with the stickers. Then, they voted on the below topics:

Short-Term	Long-Term
First mover advantage, competitive advantage (9 votes) (outcome)	Financial incentives/marketing budget (6 votes) (action)
Awards (action)	Consumer interest or loyalty (5 votes) (outcome)
Stakeholder pressure (3 votes) (action)	Brand Image (3 votes) (outcome)

Comments on final results listed above:

- One participant questioned the incentive regarding competitive advantage. It was discussed that this could indeed be an incentive because the European Commission could support first movers. Furthermore, the competitor's advantage is a short-term task, while raising the consumer's interest and loyalty is a long-term task. Furthermore, there is a need for more market studies on ecolabels in order to maximise transparency in corporate strategies. It is not a secret that many consumers are not ecolabel savvy, therefore by informing the consumers on these labels, the impact of different ecolabels on consumer behaviour can be more clearly estimated. This information can then be used to create an incentive for retailers. A participant argued that this would not work for the US market, as many consumers are not up to speed on ecolabels, therefore they would need to start with targeting retailers to create top-down awareness.

It was concluded that the most apparent outcome to motivate retailers was a competitive advantage conferred by the selling of eco-labelled products. This is closely linked to the interest and loyalty from the consumers that it could lead to. Also, it was addressed that ecolabels can have a positive (or negative) impact on the brand image. This is demonstrated in the example of retailers who try to develop their own brand as environmentally and socially responsible (Tesco, Marks and Spencer) whom see the integration of ecolabels into their system as a threat to the credibility of their own brand.

Different incentives were identified as efficient: awards, financial incentives for selling/promoting eco-labelled products and/or the granting of marketing budgets for the promotion of eco-labels, along with pressure from stakeholders. Moreover, since consumer behaviour has a significant impact on the market, market studies and discussion with the actors should be conducted. Furthermore, internal discussion within the GEN network should be reference source in order to answer these ongoing questions.

SESSION 4: SHOULD ECOLABELS ONLY BE GRANTED TO LOCALLY-PRODUCED GOODS? DOES ENVIRONMENTAL IMPACT OF TRANSPORT COME INTO PLAY? DO CONSUMERS TRUST IN OTHER COUNTRIES' DECLARATION OF ENVIRONMENTAL STANDARDS?

Question 1: What does a local sustainable product mean and how does transportation come into play?

All three groups separately came up with similar answers to this question. Several questions arose from the discussion, such as how to create a link between 'local' and 'sustainable' and how to define the two terms.

- Some defined a local product as one that was produced in one's home country, while others confined localism to one's home city. There were equal discrepancies when discussing the definition of a sustainable product. Some said that a sustainable product had to factor in the product's transportation, while others believed that it should dismiss transportation (because of the complexity of tracking the lifecycle of a product), and instead focus only on social and environmental issues. This then provoked a deeper conversation when trying to identify which social and environmental issues should be targeted. Moreover, in certain regions of the world, such as the west coast of the United States, 'local' and 'sustainable' are sometimes regarded as trendy, as it can be seen on clothing and lifestyle products. Therefore, it was concluded that the definition of these words can be greatly influenced by media and culture.
- Nevertheless, it was essential to understand the link between the two topics. For example, if a 'sustainable' product was shipped from far away, could consumers justify its journey as acceptable if it was a non-perishable item, such as paper? If it was a

‘sustainable’ food item that was transported from far away, would consumers be less inclined to purchase it? It was determined that life span is a deciding factor, and the opinion surrounding this topic once again varies from person to person. However, as a group, participants agreed that non-perishable sustainable items were more accepted. Expanding on this idea, one participant identified that certain countries do not have the technology to produce electronic products such as TVs or computers, and much less eco-friendly electronics. For this reason, most participants agreed that they would accept a sustainable product despite the fact that it may be produced far away.

Question 2: How can we ensure better trust in other countries’ declaration on environmental standards?

- It was concluded that mistrust in a country’s sustainably-produced products may stem from personal biases or misconceptions on a country’s production standards. Therefore, we must learn how to put these biases aside and instil trust between labelling organisations through peer review and a pragmatic approach. Participants identified that it would be helpful if companies abroad disclosed their social standards and disclosed information on their supply chain. For example, it would be helpful to know if there is a chain of custody linked to a product’s lifecycle, what the market power is per country, and to understand the different types of criteria for each national organisation in order to compare them to criteria that an individual may be familiar with.

Participants were then encouraged to come up with possible solutions to the issues discussed.

Solutions		
Transparency: Set standards. Special attention should be paid to transparency of complaints-have a timely process and posted for visibility (e.g. disclose the withdrawal of a licensed product).	GENICIS process/involvement in international organisations: Create international standards in order to have comparable criteria.	Quality: Just because a product is eco-friendly, a consumer should not have to compromise the certainty of the product’s quality. If the product is not quality, it will not succeed.
Joint projects: Increase the effectiveness of joint projects	Raise awareness: Throughout consumers through marketing campaigns, word of mouth, etc.	Participation: Join international workshops, such as GEN.

Ms. Kaps (DG ENV) wrapped up the conversation and outlined that in order to trust ecolabelled products, we have to raise awareness on their benefits and increase transparency of the criteria. She also added that if companies from varying countries put quality at the forefront when producing eco-friendly products, they would begin to accrue consumer trust worldwide. Lastly, there should be more discussions on networking and working with different countries in order to create a mutual recognition.

16.30 – 17:15 Closing session

1.14 Rapporteurs of separate sessions report to plenary session

Session 1 summary: Which kind of ecolabels do we want in the future? Type I vs. Type II/III

- Most of the ideas and discussion were centralised around type I and type III labels;
- Type II labels should not be shunned from the system, however, they need more transparency and credibility;
- Legislators should enforce tougher regulation to ensure the credibility and verifiability of all labels;
- Stakeholder involvement is a strong feature of type I;
- Materiality of the criteria : focus on what really matters;
- Mutual recognition: harmonisation of core criteria (both valid for type I and III);
- Incentives are needed to boost offer and demand;
- Marketing and communication activities should be enhanced;
- A type I and type III hybrid ecolabel could be a future possibility.

Session 2 summary: What is the environmental impact that we face? Significant vs. not-significant criteria and environmental vs. sustainability labelling.

- This type of label should not be based solely on LCA, it should also be consistent with policies;
- It should encompass a multi-criteria approach including safety and quality to open the door for other relevant criteria.
- This type of all inclusive ecolabel should be measurable in order to ensure its effectiveness;
- Conclusion: There is motivation to create a broad environmental label that would include ethics and health aspects. This type of label is more attractive for consumers because of the potential positive acceptance from. However the feasibility of this is not 100% sure.

Session 3 summary: How can retailers help promote ecolabels? What can motivate retailers to promote ecolabels?

- Short-term
  - Competitive advantage
  - Awards
  - Stakeholder pressure
- Long term:
  - Financial incentives/marketing budgets
  - Consumer interest/loyalty

    - Brand image
    - Other actions for dialogue
- Internal dialogue:
    - What do we know about consumers?
    - What do we know about retailers?
- External dialogue:
    - How to organize external dialogue with retailers

Session 4 summary: Should ecolabels only be granted to locally-produced goods? Does environmental impact of transport come into play? Do consumers trust in other countries' declaration of environmental standards?

- The word local has many definitions. It is used as a trendy word, and is also used by politicians and cannot be linked directly to ecolabels. Local does not necessarily mean that it is sustainable.
- It would be very laborious to integrate transportation into ecolabel's criteria. Furthermore, it would be difficult to track because we do not currently take into account when the products will be sold.
- Consumers are more willing to purchase products from abroad if quality is ensured. If more companies around the world take this into account, we can convince consumers that ecolabelled products can and are quality products. We also need to work on promoting transparency when setting criteria.
- Lastly, it is important to enhance the integrity of ecolables from different countries through international cooperation.

1.15 Closing remarks, Pavel Misiga, DG Environment, European Commission

Mr. Pavel Misiga closed the conference by indicating that finally many issues brought to the table were recurrent in each session. The bottom line that he determined as important was that we needed to think of ways to incentivise all parties along the supply chain of ecolabelled products and better understand consumer behaviour. He then thanked all participants for their input and encouraged them to apply the lessons learned within their own national ecolabels.

5 November 201 3

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