

THE WALL STREET JOURNAL

As Eco-Seals Proliferate, So Do Doubts

By Gwendolyn Bounds

April 2, 2009

It's too easy to be green.

Recently, Kevin Owsley went searching for a reputable organization that could validate the eco-friendly traits of his company's carpet-cleaning fluid. But after canvassing a dozen competing groups hawking so-called "green certification" services -- including one online outfit that awarded him an instant green diploma, no questions asked -- he grew disillusioned about how meaningful any endorsement would be to his customers.



"If you want green certification bad enough, you can get it," says Mr. Owsley, owner of Cleanpro USA LLC, a Scottsdale, Ariz., company that franchises carpet and upholstery cleaning businesses. "I joke and say, 'I could buy some of these companies a case of beer, and they'd give us a certification.' I'm very frustrated by that."

As green marketing has proliferated, so has the number of "eco-labels" competing to be the environmental equivalent of a Good Housekeeping seal of approval. According to the Web site ecolabelling.org, there are more than 300 such labels putting a green stamp on everything from cosmetics and seafood to bird-friendly coffee.

Timber to make wood products is graded by a host of groups -- among them the Forest Stewardship Council, the American Tree Farm System and the Tropical Forest Foundation. The U.S. Environmental Protection Agency

itself awards multiple eco designations, while a sea of smaller entities can be found operating online under names such as greenbiznow.com, societyofgreenbusiness.com and begreencertified.com.

Some label programs, such as those run by the Forest Stewardship Council and other well-known certification groups -- including Washington-based Green Seal and Ottawa-based EcoLogo -- require independent verification of product manufacturers' green claims. But many others don't, partly because of cost and manpower, they say.

The result: increasing confusion among consumers about the veracity of green marketing promises and a growing sense that the federal government may need to take a stronger role in shaping standards people widely recognize and trust. Late last year, for instance, a

proposal for a federal "eco-label" program was quietly floated by the office of Sen. Dianne Feinstein (D., Calif.) that would recognize consumer products that are environmentally preferable over others throughout their life cycle.

"A growing number of consumers are interested in making informed choices about the environmental impacts of their purchases -- and I believe the federal government can help," Sen. Feinstein said in a statement to The Wall Street Journal. "So, I am working with consumer advocates, manufacturers, distributors, and existing labeling and certification project leaders ... to create an accredited national eco-label program."

The Organic-Food Model

Some advocating a federal role point to organic food as a potential model; under the U.S. Department of Agriculture's "National Organic Program," the government now sets labeling and certification standards. But with food, it took decades of competing efforts in the private marketplace and at the state level before the federal government came up with standards and regulations acceptable to the myriad interested parties.

Impatient retailers are now crafting their own labeling programs to help customers buy green. Home Depot Inc. has instituted its own "Eco Options" designation for items such as energy-efficient light bulbs and environmentally friendly paints. Office Depot Inc. rates thousands of products on everything from recycled content to reduced harsh chemical use, and publishes the info online and in a "Green Book" catalog for its largest business customers.

"To date, there is no universal standard on this, and we are trying to make sense of it," says Yalmaz Siddiqui, director of environmental strategy for Office Depot.

At the heart of the dilemma: What does it really mean to be green? Is having some recycled content enough, and if so, how much? Is something biodegradable still green if it travels a thousand miles to reach shelves? And if a green product doesn't perform as well as its nongreen peers, is it really preferable?

Equally important: Who, if anyone, should ensure green claims are valid? A soon-to-be-released study of more than 3,900 consumer products sold in big-box retailers in the U.S., Canada, the U.K. and Australia found that in every product category, there was "green-washing" -- ranging from outright lying about green claims to simply providing no proof. The study was conducted by TerraChoice Inc., the Ottawa-based environmental-consulting firm that runs the 20-year-old EcoLogo North American certification program.

Rules of the Game

"What it tells me is that it's incredibly understandable why consumers are so confused because no one has stepped up to define the rules of the game," says Scot Case, executive director of the EcoLogo program, which requires independent auditing of the products it certifies. "The U.S. government hasn't said, 'This is what is acceptable environmental labeling' ... and consumers are being duped by meaningless labels while the truly legitimate labels are getting lost amidst the green fog."

Lilly Flanagan, who runs a title-insurance company, recently built a home with her husband on the water in Queens, N.Y., and insisted on using primarily green materials. But she grew frustrated, in part because of a dearth of information from product makers about why wares were dubbed eco-friendly. She eventually ended up patronizing a retailer called Green Depot in Manhattan, which has constructed its own filter system to judge products on multiple criteria, such as toxicity, indoor air quality, water savings and third-party certification.

Green-Label Roadmap

These 15 green-label programs are recognized as good benchmarks by experts and retailers such as Green Depot and Office Depot.

- Green Seal (www.greenseal.org)
- Energy Star (www.energystar.gov)
- EPA Design for the Environment (www.epa.gov/dfc)
- WaterSense (www.epa.gov/watersense)
- Forest Stewardship Council (www.fsc.org)
- Scientific Certification Systems (www.scscertified.com)
- EcoLogo (www.ecologo.org)
- Greenguard (www.greenguard.org)
- Cradle to Cradle (www.c2ccertified.com)
- Electronic Product Environmental Assessment Tool (www.epeat.net)
- Global Organic Textile Standard (www.global-standard.org)
- Biodegradable Products Institute (www.bpiworld.org)
- FloorScore (www.rfci.com)
- Totally Chlorine Free (www.chlorinefreeproducts.org)
- Carpet and Rug Institute's Green Label/Green Label Plus (www.carpet-rug.org)

**Source: WSJ research*

While happy with her project's outcome, Ms. Flanagan would prefer a universal green seal to make shopping easier. "We can only do so much as a consumer," she says. "The government needs to come up with a stamp and someone needs to check the product, and there needs to be liability if they aren't telling the truth."

The U.S. Federal Trade Commission can take action against unfair or deceptive marketing practices, and it recently has been reviewing guidelines it sets for environmental marketing claims. But the agency's police role is often retroactive -- after products hit the marketplace -- and advocates for a federal eco-label say one possible

benefit would be consumers knowing green claims have been pre-checked wherever the seal legitimately appears.

That idea was a cornerstone of the proposal circulated by Sen. Feinstein's office last year. According to one draft, which the senator never officially endorsed, independent certification groups accredited by the government would award a federal eco-seal and check on the validity of claims. The process would be funded by fees paid by companies applying for and awarded the label; misuse could be punishable by fine or court action.

Because such a national imprint could dramatically affect the marketplace, groups representing pesticide and other chemical makers already are on alert. "If there are not parameters based on sound science, a lot of things could have unintended consequences," says Joe Acker, chief executive of the Society of Chemical Manufacturers and Affiliates, a Washington-based trade group. "For one thing, you could end up replacing products in the marketplace that have a long history of efficacy with things that don't."

Consumer Confidence

For now, bolstering consumer confidence is at the forefront of lawmakers' and retailers' labeling efforts. In 2007, for example, Mr. Case of the EcoLogo program bought a refrigerator made by LG Electronics Inc. that bore the Energy Star seal. That meant it was supposed to consume at least 20% less energy than required by federal standards.

Says Mr. Case: "I plug it in, and I feel wonderful because it's going to save me money and reduce my impact on global warming."

However, in February of this year, he received a letter saying his fridge didn't actually qualify for Energy Star status because LG hadn't adhered precisely to the test standards required by the U.S. Department of Energy. Notably, appliance manufacturers currently "self-certify" that they have met Energy Star test requirements. LG agreed to modify affected models and make payments to affected consumers for lost energy savings. But the issue underscored the potential pitfalls of letting product makers vouch for their wares' greenness without independent verification.

That may change. The Energy Department, which runs the program with the EPA, now says that while it believes self-reporting is still the most cost-effective method, "sufficient questions have come to light" to suggest that third-party verification may be necessary to ensure "consumers receive the promised energy savings benefits."

Whatever shape green labeling takes in the future, cost will remain a central issue. The EcoLogo program, which has certified some 7,500 products since its inception in 1988, charges a minimum of \$1,200 to \$1,500 for initial auditing of green claims and an annual license fee based on a percentage of sales (ranging from \$1,200 to a negotiated cap) to use its logo. Mr. Case says the funds are used to maintain the program and to invest in creating new standards, but acknowledges the burden it places on small firms. "For big companies," he says, "that's peanuts; for small ones, it's significant."

Write to Gwendolyn Bounds at wendy.bounds@wsj.co