GLOBAL ELECTRONICS COUNCIL®

Sustainability for a Connected Future

STRENGTHENING GREEN CLAIMS SUBSTANTIATION

In the European Union and Beyond

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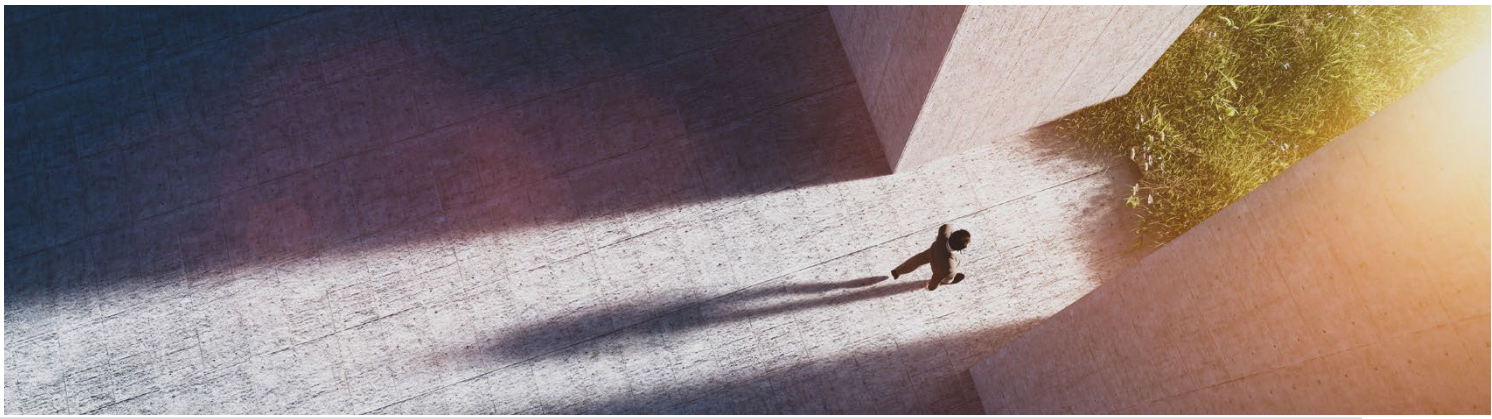
Introduction

The Global Electronics Council® (GEC) welcomes the proposal from the European Commission for a Directive on the substantiation and communication of environmental claims ("Green Claims Directive"). The need for legislation is clear—the proliferation of both unsubstantiated green claims and untrustworthy ecolabels around the world, including in the European Union (EU), is leading to market confusion, and impacting consumers' ability to make informed purchasing decisions. GEC is a mission-driven nonprofit organization dedicated to creating a world in which only sustainable electronics are bought and sold. Informed by this mission, GEC agrees that clear and harmonized rules for substantiating both environmental claims and labels are needed to reduce "greenwashing" and enable consumers to make informed purchasing decisions that contribute to the transition to a green economy. A well-formed policy instrument can lead not only to credible signals for consumers and other purchasers on product sustainability features in the EU but can also serve as a basis for the global adoption of these protections.

It is widely acknowledged that not all ecolabels are created equal. Among the hundreds of ecolabels in the marketplace today, Type 1 Ecolabels are consistently recognized as the most reliable and trustworthy. Type 1 Ecolabels are defined by the ISO 14024 standard, which identifies a series of requirements that ensure the label is credible and addresses key impacts throughout the product lifecycle in a meaningful way. Type 1 Ecolabels can also help drive more circular supply chains by establishing criteria that result in more sustainable use of resources. Credible ecolabels have a robust verification procedure and require an independent third party to confirm that registered products meet the criteria. Lastly, ecolabels must also be balanced. Their programs need to be committed to transparency and openness. Additionally, Type 1 Ecolabels must involve a wide variety of stakeholders in key activities, including the development and revision of criteria.



Consumers should be able to rely on ecolabels to help them make better purchasing decisions. The Commission can facilitate this aim by supporting credible, scalable systems that also focus on substantive impact. GEC, as the owner and manager of EPEAT®, a Type 1 Ecolabel, recognizes that credible ecolabels exist today for many product categories.

EPEAT is the leading global Type 1 Ecolabel for electronic products, with more than 4,000 unique EPEAT-registered products available in 40 countries around the world, and over 2.5 billion EPEAT-registered products purchased since the program's inception in 2006. In fact, there are EPEAT-registered products in 26 EU Member States, with over 2,100 unique EPEAT-registered products in the Computers and Displays product category alone. Given GEC's depth and breadth of experience in managing the EPEAT Program for over 17 years, we believe an EU Directive that encourages harmonization, leverages existing ecolabels with sufficient rigor and uptake, and is structured to ensure both balance and consistency in outcomes will have a profound impact on the existing claims and ecolabel landscape in the European Union. There exists a real opportunity for this Directive to significantly increase the efficacy and integrity of ecolabels in the EU market by establishing a framework to define credible ecolabels at the Commission level. Such a framework could be consistently implemented across the Union and positively influence harmonization abroad.

In this briefing, several key considerations are outlined that we hope can assist European policymakers in both protecting consumers, enabling other stakeholders to make informed decisions, and accelerating our collective ambition toward the green economy, including:

1. **Harmonization:** *leveraging international standards—such as Type 1 Ecolabels—to level the playing field and position the EU to impact not only Member States but the world at large*
2. **Utilizing Successful Systems:** *creating an inclusive method to recognize credible, existing ecolabels, regardless of their country of origin, to accelerate the effectiveness of the Directive*
3. **The Importance of Clarity:** *a policy framework that is clear, unambiguous, and unequivocal will increase the efficacy and impact of the policy framework—particularly in regard to the topic of "aggregated indicators"*

Harmonization: A Fundamental Component of the Green Transition

The systems behind ecolabels matter. Credible ecolabels are backed up by robust, transparent systems, and a variety of internationally accepted frameworks already exist to define and evaluate important foundational elements of an ecolabel. The ISO 14024 standard is a framework that defines a specific set of requirements for Type 1 Ecolabels. However, other organizations including the Global Ecolabelling Network (GEN), the United States Environmental Protection Agency (EPA), and the ISEAL Alliance have also established frameworks for both evaluating and defining credible, trustworthy ecolabels. Many of these frameworks have existed for over a decade and are internationally applicable. This means that they have no requirements or evaluation factors that are tied to policy frameworks in a specific jurisdiction. As a result, these systems can evaluate and support ecolabels globally, regardless of where they originate. Robust and transparent systems are more critical to effective ecolabels than the jurisdiction of origin.

GEC encourages the Directive to rely on these existing frameworks in defining what makes ecolabels credible and harmonized with EU requirements. Establishing a clear, detailed framework for credible ecolabels at the EU level is imperative to ensuring consumers can rely on all the ecolabels they encounter in the EU market.

Although the Commission is proposing measures to bring more consistency to the rigor and credibility of ecolabels operating in the Union, the fact remains that without a clear EU-level verification framework for labels, ecolabels of varying levels of credibility may continue to operate. While Article 8 in the Directive proposes a series of requirements for ecolabels, additional detail would ensure consistency in their application across Member States. Since Member States will be required to implement the measures into national laws, without this detail, there may be significant differences in rules, requirements, and outcomes.

GEC believes ecolabels must be reliable, science-based, transparent, independently verified, and regularly reviewed. Harmonization of requirements for all ecolabels operating in the EU will lead to

better outcomes for consumers, including access to accurate information and the widest possible selection of environmentally preferable products.

RECOMMENDATION #1: Within the EC's Green Claims Directive, explicitly state that Type 1 Ecolabels are credible and accepted within the EU.

Utilizing Existing Ecolabels—Regardless of Country Origin—to Accelerate Impact

Environmental and social impacts embedded throughout the manufacturing and assembly of any given product are rarely regional because supply chains are now global, complex, and dynamic. Global issues demand concerted, collaborative solutions. Ecolabels, especially those which operate globally, often have the necessary critical mass to improve sustainability performance across entire sectors. Perhaps just as importantly, ecolabels regularly review and revise criteria to continue to drive incremental improvements in sustainability performance. For this reason, we encourage the Directive to enable their use throughout the Union.

From extraction of raw materials to manufacturing and final assembly, supply chains are increasingly complex. The electronics supply chain is particularly global, with some electronic products containing hundreds of components, and their corresponding supply chains often spanning multiple countries. Global ecolabels bring together stakeholders from diverse organizations and geographies to develop criteria that can be implemented across these increasingly complicated supply chains. In this way, global ecolabels help establish critical mass regarding supplier requirements, and in doing so, accelerate positive impacts throughout the supply chain.

Global ecolabels fundamentally drive collaboration, which leads to greater sustainability impacts and improves alignment across whole sectors. This is especially true for product categories with complex supply chains, given the difficulty in establishing criteria for highly complicated products.

To this end, the EU would see a broader, more immediate impact from creating a regulatory environment that enables the operation of global ecolabels, on par with any regional or national ecolabel. Global Type 1 Ecolabels, such as EPEAT, provide an efficient, impactful solution to manufacturers and purchasers looking to reduce the environmental and social impacts of their products and supply chains.

While GEC commends the Commission for taking action to address the proliferation of untrustworthy labels, the Directive as currently written is unclear as to the treatment of ecolabels that originate outside an EU national or federal scheme. Therefore, clarity is needed within the Directive to explicitly treat credible ecolabels equally, subject to the same requirements. Currently, ambiguity exists as to whether the Directive implicitly gives preferential treatment to EU-based ecolabels. Since the Directive's goal is to ensure maximum sustainability impact through procurement, GEC advocates for a harmonized approach to ecolabel credibility open to all global Type 1 Ecolabels.

The inclusion of credible ecolabels established outside of the EU will help to prevent unintended consequences, such as fragmented markets, which create additional challenges for businesses and purchasers who have come to trust and rely on these reputable ecolabels. In fact, the proposal in its present form could limit purchasers' access to products and brands which meet some of the most stringent sustainability criteria globally.

RECOMMENDATION #2: All ecolabels be subject to the same requirements, with equal treatment, regardless of their country of origin.

The Importance of Clarity

GEC shares the Commission's view that robust, credible ecolabels are an important part of the solution in eliminating greenwashing and ensuring the integrity of environmental claims in the marketplace. GEC is particularly cognizant of the importance of minimizing ambiguity in the Directive itself to achieve these goals and to ensure consistency in outcomes throughout the Union. To do so, critical aspects of the legislation would benefit from an appropriate level of clarity. As an example, the proposal appears to be silent on whether existing ecolabels established outside of, but operating in, the EU would be subject to the requirements of the Directive. It also remains unclear who would evaluate ecolabels, what credentials or expertise they must have to do so, and what criteria would guide such an evaluation. Additionally, the proposal does not address mutual

recognition for labels that have been approved by a single Member State. GEC believes that if a program has undergone the necessary verification or approval process in one Member State, it should be recognized and allowed to operate in all EU countries to encourage harmonization.

Similarly, although the Directive proposes to ban any label that uses an "aggregated indicator" unless it was established under Union law, the current draft fails to sufficiently define what "aggregated indicator" means. This is problematic because Type 1 Ecolabels, by definition, establish criteria that address environmental and social impacts throughout the lifecycle of a product, from raw material extraction through to manufacturing, use, and final disposal. Whether multi-attribute Type 1 Ecolabels established outside of the EU would be categorically prohibited by the ban on the use of aggregated indicators or scores remains unclear. GEC believes that ecolabels can effectively and credibly implement aggregated scores to identify products that represent sustainability leadership, and in fact, to promote innovation and progress. For example, the EPEAT Program recognizes three tiers of sustainability performance: EPEAT Bronze, EPEAT Silver, and EPEAT Gold. Products that achieve EPEAT Bronze represent sustainability leadership, while products that achieve EPEAT Silver or Gold allow manufacturers to demonstrate their commitment to innovation in environmental and social performance. These additional levels continually help increase market advancement in innovation and governance. For this reason, their use in the EU should not be restricted. Any ecolabel, regardless of whether or not it uses a scoring system, should be subject to the same evaluation framework to determine whether it is credible and robust.

RECOMMENDATION #3: Eliminate or limit the ban on aggregated indicators. If a ban remains, clearly define the prohibition, and provide exceptions. Note: An outright ban on ecolabel scoring may unintentionally stifle innovation and discourage a "race to the top" by both manufacturers and purchasers.

Conclusion

GEC applauds the European Commission's work on establishing a clear, robust directive for green claims. We encourage consideration of the following recommendations for inclusion in future updates to the Directive to provide greater clarity for implementation:

1) Define credible ecolabels as Type 1 Ecolabels
2) Treat all ecolabels equally, regardless of their initial country of origin, as many ecolabels operate globally
3) Eliminate or limit the ban on aggregated indicators

GEC is committed to engaging with the Commission and other stakeholders in supporting the development of an effective policy framework, addressing unsubstantiated green claims, and avoiding untrustworthy ecolabels in the European Union. GEC welcomes opportunities to collaborate and engage further on these critical issues.

Global Electronics Council

The Global Electronics Council (GEC) is a mission-driven nonprofit that leverages the power of purchasers to create a world where only sustainable technology is bought and sold. GEC's work is focused on high-impact sustainability issues, such as climate change and decarbonization. It manages the EPEAT ecolabel and produces other resources to support sustainable technology procurement, including training, purchasing guides, sample procurement language, and more.

EPEAT

Managed by GEC, EPEAT is the world's premier electronics ecolabel. It serves as a free resource for procurement professionals to identify and select products with reduced impacts across key sustainability issues. Since its launch in 2006, procurement professionals have reported purchases of 2.4 billion EPEAT products, generating cost savings of USD 24.6 billion and a reduction of 286 million metric tons of greenhouse gas emissions.

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