A GUIDE TO ENVIRONMENTAL LABELS - for Procurement Practitioners of the United Nations System
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A guide to environmental labels for procurement practitioners of the United Nations system

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I. Foreword

The international community has long since recognised global warming as the challenge of our time. Once again, the United Nations are called to lead by example and show the world that an economic and social model based on sustainable consumption and production is not only possible but a necessity, and its success depends on our choices and engagement. Recent initiatives of UN Secretary-General Ban Ki-moon have firmly set the UN on the way to reducing our carbon footprint, and to becoming an example of sustainability and energy efficiency.

UNOPS is determined to do its share, and demonstrate that it is possible to operate a business model where the needs of the present are met without compromising the opportunities of future generations. For this reason UNOPS has chosen to develop cutting-edge expertise in sustainable procurement and sustainable infrastructure. At UNOPS, we firmly believe in the power of sustainable procurement to better assist the mandate of fellow UN agencies, to reduce the environmental impact of our economic activities, to promote socially responsible business, and to ultimately progress towards the achievement of sustainable development.

Our pledge to sustainability is an ambitious goal, and it requires policies and tools that are up to expectations. This is why UNOPS, in its role within the High Level Committee on Management Procurement Network (HLCM PN), is developing a series of sustainable procurement guidance materials. They aim to provide the community of UN procurement practitioners with hands-on tools for the practical implementation of sustainability in procurement.

The Guide to Environmental Labels for Procurement Practitioners of the United Nations System, developed in cooperation with UNEP experts, addresses the lack of guidance for procurement practitioners who approach the challenging but promising world of environmental labels. This guide sheds light on the nature of different environmental labels, ecolabels, product declarations and many other logos that, more or less accurately, aspire to define the environmental performance of consumer products. It also explains how to use environmental labels in the context of UN procurement and how to avoid misuses and misconceptions commonly found in the booming ‘green’ market. This guide should help procurement practitioners safely navigate this complex area, to use environmental labels more effectively and transparently, and to enhance the sustainable performance of their tenders.

Jan Mattsson
UNOPS Executive Director
2. Introduction to environmental labelling

More and more international organisations are trying to transform the way they procure and to bring their contribution to a more sustainable economy. Green procurement is a powerful tool to support the cause of the environment but, like every other change, it takes time for it to sink in to organisational practices. Environmental labels can be useful tools in the hands of public procurers and requisitioners to overcome these difficulties. But more clarity is needed on the nature of different types of labels, on the way they function and on how they can be used in the procurement process.

The increasing number and differing quality of environmental labels is also per se a challenge: the growing popularity of environmentally friendly products has caused the multiplication of consumer facing logos, with very different levels of reliability, thoroughness and independence. The risk of misusing labels, or misinterpreting their quality and features is real, hence it is addressed in this Guide. Procurement practitioners will also find information on the progress of environmental labelling in developing countries, and on how to support sustainable production and consumption through the use of labels in procurement.

This Guide intends to facilitate the inclusion of green criteria in the UN common system procurement through the use of labels, and to illustrate the main characteristics of environmental labelling schemes. It is aimed at procurers, requisitioners and other procurement professionals (henceforth referred to as procurement practitioners) who wish to improve the environmental performance of their tenders and need practical guidance on how to use labels to this end.

To begin with, this chapter looks at what an environmental label is, and at how these schemes usually function. Please note that the Guide mentions a number of labels, but it does not endorse, recommend or promote the use of any specific one.

Why are environmental labels needed?

In general, procurement practitioners are not environmental experts, and environmental experts do not have the necessary understanding of the procurement process and of the UN common system procurement rules and regulations. Useful tools for bridging this competency gap are the so-called environmental labels.

Labels have been around for three decades now - the first label, the Blue Angel, was created in 1978 by the German Federal Ministry for Interiors. Although labels’ popularity has been on the rise in recent years - in connection with growing concerns for environmental deterioration and climate change - many procurement practitioners are still not familiar with the use of green labels in UN procurement.
Difference between environmental labels and ecolabels

In the everyday language, we tend to call “ecolabels” all labels relating to the environment, yet this practice is not always correct. There are many labels and declarations of environmental performance. This large and composite family should be referred to as “environmental labels”; ecolabels are a sub-group and they respond to special criteria of comprehensiveness, independence and reliability.

What is an ecolabel (and what is not)?

But what is exactly an ecolabel? An ecolabel is basically a label which identifies overall environmental preference of a product or service based on life-cycle considerations. This environmental preference is guaranteed by the fact that the ecolabel is granted by an independent third party, not influenced by the company who seeks certification. Therefore, an ecolabel is a tool that helps buyers juggle among a number of products and services, often accompanied by unverified claims about their supposed ecological advantages, and recognize those that actually offer a better environmental performance.

There are several definitions of the word “ecolabel”, and all of them highlight aspects and characteristics that are considered important to mark the difference between a simple logo or product declaration and a proper ecolabel.

The following list considers the essential features that trustworthy ecolabelling schemes must have:

- Participation in the ecolabelling scheme is voluntary. Ecolabels do not aim at replacing the existing legislation, but they provide recognition (and a competitive advantage) to products that achieve higher standards of environmental protection than the minimum level imposed by law. Therefore, participation in an ecolabelling scheme cannot be imposed upon suppliers. Procurers and requisitioners must be aware of this aspect, and never require bidders to register under an ecolabelling scheme without accepting equivalent means of proof.

- The label should clearly communicate that the awarded product has reached distinction in environmental performance in comparison to average products in the same category.

- A reliable ecolabelling scheme is based on sound scientific evidence. Ecolabels are aimed at simplifying the transmission of technical information about environmental performance to the broad public; still, the information upon whom the labels are based must respect stringent, measurable and state-of-the-art scientific data. It is good practice that criteria are regularly updated to reflect the latest technological developments.

Footnote:

Ecolabels are based on life cycle considerations; this means that all aspects of the “life” of a product, from design, production, operation and maintenance up to disposal are taken into consideration. From the perspective of UN procurement practitioners, life cycle considerations fall within the principle of best value for money, one of the cornerstones of the UN common system procurement. Taking into account the whole life cycle of a product helps ensuring that the most advantageous offer is identified, revealing costs of resources use that otherwise may not receive proper attention (see chapter 5, on ecolabels and life cycle costing).”

- The certifying scheme should be third-party and independent from the certified company. The credibility of the certification depends from this. The transparency of the certification process differentiates an ecolabel from an environmental logo or an internal company certification, whose accuracy has not been autonomously assessed.

- The objectivity of the ecolabelling scheme is usually guaranteed by a large participation of stakeholders in the definition of the environmental criteria. Representatives of industry, government, retailers, consumer and environmental associations are usually involved.

**How do they work?**

Ecolabels are an answer to the growing request from consumers (and recently from procurement professionals as well) to be better informed about the impact on environment and health of the products they buy. Ecolabels provide this complex information in a very straightforward way. From this point of view, ecolabels level an information mismatch on the market. Ecolabels are useful because:

- They allow consumers to make an environmentally friendlier choice without being environmental experts
- They favour the encounter of demand and supply of green products and services
- They offer a good marketing opportunity to products that stand out from the others because of their green performance
- They support innovation, encouraging the diffusion of green products on the market

From the perspective of UN procurement practitioners,

- They facilitate the inclusion of green criteria in public tenders
- They offer a guarantee of impartiality, reliability and scientific accuracy

**Which products do they cover?**

Ecolabels evaluate environmental performance within specific product categories. This is the only acceptable evaluation, as it would not be possible to compare different products in a scientifically sound way. Furthermore, without the competitive advantage of differentiating a product from similar ones on the market, the incentive for companies to develop greener products would be lost. This means that ecolabels cover mainly product groups where a range of alternatives is available. Ecolabels are normally not available for specialist or innovative products. Some product categories – such as food, appliances, housecleaning products, paper products - are particularly rich of ecolabels.
How are ecolabels awarded?

The process of certification is rather standardised in every country. Applicants present to the ecolabelling organisation all required technical information on the product they wish to certify, usually paying an initial fee. Sometimes the application fees are differentiated according to the dimension of the firm, or they are lower for applicants from developing countries. In some cases the ecolabelling organisation performs/directs inspections, tests or audits to verify compliance, but some other times the applicant declaration is accepted without further controls.

If the product is deemed compliant with the criteria of the scheme, the product is awarded the ecolabel. There is usually a yearly fee to be paid for the use of the label, and the certification has to be renewed periodically. This process, with due differences among schemes, is more or less the standard procedure for the award of an ecolabel.

Would you like to know more?

The number of labelling schemes has been growing exponentially in recent years. Considering the number of labels available on the market, consumers often feel disoriented. At the moment, there is no worldwide accepted system to assess the quality of ecolabels, nor an official recognition of them: making a green choice - something that labels should facilitate – sometimes becomes difficult.

Even if at the moment there is no international entity that officially licence environmental labels, there are signs of an evolution in this sense. Many ecolabelling programmes schemes have jointly formed the Global Ecolabelling Network (GEN) that promotes ecolabelling and facilitates access to information regarding ecolabelling standards from around the world. GEN accepts only applications from well-recognised multiple criteria labels, something that procurement professionals can consider when looking for a reliable ecolabel.

Environmental labels as trade barriers?

There are concerns that green labels could constitute an additional trade barrier working against the interests of small/medium enterprises and producers from developing countries. This may be the case if the process of becoming certified by a labelling scheme is too complex and costly, or if the involved technology is so specific and advanced that it imposes a de facto standard that small and developing country producers can hardly meet.

How is it possible to balance these concerns with the need for a more sustainable approach to procurement? It is important to remember that sustainable procurement “is not about burdening the market with extra requirements; rather it is a well-defined strategy that gradually phases in sustainable requirements in bids, supports measures, promotes dialogue and open communication between the

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suppliers and procurers”. The same consideration applies to environmental labels, which are nothing but market tools aimed at favouring more sustainable patterns of production and consumption. These labels are voluntary tools and their use cannot be requested in a bid, but procurement can support the gradual diffusion of excellent environmentally friendly products. This Guide describes how environmental labels can be used in a progressive manner whenever market conditions are not mature enough for a more assertive environmental procurement. Another element to consider is that environmental labelling is making progress in developing countries as well: initiatives promoting the establishment of ecolabelling schemes are conducted in Brazil, China, India, Kenya and the South East African Region, Mexico and South Africa. Exploring the options for labelled products in developing countries could bring unexpected results.

4 UNEP is running a project whose aim is to enable developing countries to seize opportunities offered by ecolabels. For more information consult http://www.unep.fr/scp/ecolabelling/.
3. Environmental labels classification

The International Standards Organisation (ISO) has classified the existing environmental labels into three typologies – Type I, II and III - and has specified the preferential principles and procedures for each one of them. The picture below outlines this taxonomy and gives some examples of ecolabels:

- **Type I - Ecolabels**: Only independent and reliable labels that consider the life-cycle impact of products and services are called “ecolabels”, even if this term is commonly used in a broad and not always correct way.

  This group is the most useful from the point of view of a procurement practitioner. Ecolabels are based on ambitious criteria of environmental quality, and they guarantee that the awarded products respect the highest environmental standard in that market segment. The criteria are usually developed through the involvement of a large number of stakeholders and awarded after an independent process of verification.

  Ecolabels labels take into account all adverse environmental impacts of a product throughout its life cycle, for example energy and water consumption, emissions, disposal, etc.

- **Type II - Green claims**: The product information conveyed through a list of parameters. No evaluation, just data.

- **Type III - Environmental impact**: The product declaration of companies not independently verified. Risk of greenwashing.

- **Type I-like**: The ISO standards classify environmental labels in three categories; a fourth group, that we call “Type I-like”, has a verification and certification process similar to that of ecolabels but focuses on single issues (e.g. energy consumption, sustainable forestry, etc.)
A special group of labels are those addressing a single issue instead of considering the whole life cycle. Single issue labels focus specifically on one negative environmental impact, therefore cannot be considered ecolabels. A single issue label can be based on a pass/fail criterion, for example setting a maximum level of energy consumption for electric appliances (like the Energy Star label) or guaranteeing a responsible management of the world forests (like the Forest Stewardship Council); other single issue labels assess the performance of the product on a range, for example grading its energy or water efficiency.

Even if the overall environmental relevance of ecolabels is more significant as they consider the whole life cycle of products, reliable and third-party single issue labels can be useful to target specific problems.

**Type II – Self-declared environmental claims (ISO 14021:1999)**

The labels belonging to this group do not share some of the usual characteristics of environmental labels, the main difference being that they are not awarded by an independent authority. These labels are developed internally by companies, and they can take the form of a declaration, a logo, a commercial, etc. referring to one of the company products.

For what reason do companies develop their own environmental label or claim? Consumers and procurement practitioners are increasingly attentive to the environmental impact of what they purchase. For this reason, providing information on the environmental performance of products and services is becoming a commercially interesting option for many firms. When a company voluntarily makes a self-declaration that:

- refers to an environmental aspect of a product, to a component of the product or to its packaging;
- is made on the product, on product packaging, in product literature or in advertisement

this is called an environmental claim or green claim.

This kind of producer declaration can provide useful information for procurers and requisitioners, but not always are green claims as accurate and true as they should be. If the information conveyed in claims is vague, misleading or inaccurate, the consequence can be loss of trust in claims and labels in general (see chapter 7, on greenwashing ↓).

**Type III – Environmental impact labels (ISO 14025:2006)**

Type III labels consist in qualified product information based on life cycle impacts. Environmental parameters are fixed by a qualified third party, then companies compile environmental information into

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the reporting format and these data are independently verified. The environmental impacts are expressed in a way that makes it very easy to compare different products and sets of parameters, for example for public procurement purposes.

Type III labels do not assess or weight the environmental performance of the products they describe. This type of environmental labels only shows the objective data, and their evaluation is left to the buyer\(^6\). Type III labels are found in nine countries only\(^7\) and require exhaustive life-cycle data sheets called “environmental product declarations” (EPD)\(^8\).

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A special group is that of **energy labels** or **water labels**. They are not proper ecolabels because they focus on a single aspect and their use is often mandatory on certain products (like the EU energy label); furthermore, only the upper classes guarantee a higher environmental performance in energy efficiency.

But from a procurement perspective, they can be just as useful as proper ecolabels because their parameters can be included in public procurement, with the possibility of progressively increasing the level of ambition according to their scale.

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\(^6\) European Commission, “Study on different types of Environmental Labelling (ISO Type II and III Labels): Proposal for an Environmental Labelling Strategy”, September 2000

\(^7\) Japan, Canada, Germany, Norway, Denmark, Republic of South Korea, China and Sweden.

\(^8\) For more information on EPD, see [http://www.environdec.com/pageId.asp](http://www.environdec.com/pageId.asp).
4. The use of environmental labels in the UN system procurement

Environmental labels can bring a valuable contribution to the implementation of sustainable procurement. Labels can be used in different ways by UN procurement practitioners to include green criteria in their tenders, without having to be experts in environmental issues.

UN procurement practitioners can use labels in the following manner:

1. Translate the environmental criteria of the labels into technical specifications
2. Verify compliance with technical specifications
3. Benchmark offers at the award stage
4. Use single issues and performance labels for a progressive approach

However, procurement practitioners can never require suppliers to have their product or services registered under an ecolabelling scheme.

The following paragraph will describe how procurers and requisitioners can use environmental labels in the main steps of the procurement cycle in full respect of the UN system procurement rules. However, procurement professionals should always consult environmental experts to verify that these criteria are applied correctly.

I. Translate into technical specifications

(to the overview↑)

This solution is recommended in case the market for the relevant green product is mature, and several goods or services have been awarded a label or are able to comply with the criteria set out by the environmental labelling scheme. To know the number of potential suppliers, it is always a good idea to conduct a market analysis for the considered green product before structuring the tender. The market analysis should also make sure that a significant overprice is not motivated by market conditions and is therefore unlikely.

If the market analysis gives positive results, and the number of label holders (or products that fulfil the criteria) is deemed sufficient, UN procurement professionals can consider including the environmental label criteria into the technical specification.

Before proceeding, procurers and requisitioners have to make sure that:

- The technical specifications of the label are appropriate to define the product/service in question
- The environmental label is reliable and based on sound scientific information
- The label criteria were adopted with wide stakeholders participation and enjoy a good reputation
Information on the scheme is accessible to all interested parties. If all these requirements are satisfied, the procurement practitioner can proceed with preparing the technical specifications, possibly with the assistance of an environmental expert. The advantage of using environmental labels is that the procedure of drafting the green specifications is greatly simplified.

Practically - Where to find green labels product criteria?

Green product criteria are available to the public on the website of many labels, where procurement professionals can easily access them. The examples below show how to draw product criteria from some of the most well-known environmental labels. These examples do not constitute an endorsement of a specific label; their only aim is to provide an illustration of how labels can be used in defining technical specifications.

The Energy Star label presents on its website (www.energystar.gov) a list of key product criteria, to facilitate the procurement of energy-efficient products and their inclusion in procurement contracts:

![Energy Star website screenshot](image)

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![Energy Star website screenshot](image)

On the website of the European Eco-label, the Flower (www.europa.eu.int/ecolabel) it is possible to find a general description and the complete green criteria for every product group, translated in all European languages:

The Blue Angel website (www.blauer-engel.de/en) publishes the criteria on which the award of the label is based:
Even if product criteria from a label are integrally transferred into the technical specifications, **procurers and requisitioners are not allowed under any circumstance to require registration with a specific labelling scheme**. If a specific label is mentioned, it should be always accompanied by the words “or equivalent”.

If procurement practitioners are not sure that the market for the relevant product is mature enough, but wish to include green specification from labels in their tender documents, they can ask the supplier to offer alternative proposals\(^\text{10}\). This gives more flexibility to procurers and requisitioners, in case there are no offers that meet all the environmental specifications. Suppliers should be informed in the bidding documents that alternative proposal with better environmental performance are accepted.

This is an example of how alternative proposals with environmental labels criteria work:

<table>
<thead>
<tr>
<th>Alternative proposal 1 is the basic one, which includes the minimal technical specifications that all bidders must respect.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alternative proposal 2 is Alternative proposal 1 + environmental criteria from labels</td>
</tr>
<tr>
<td>If one or more offers are received for Alternative proposal 2, procurement practitioners can make their choice on the base of best value for money considering also the additional environmental criteria. Otherwise they can proceed to a standard evaluation of offers based on Alternative proposal 1, without having to repeat the tender exercise.</td>
</tr>
</tbody>
</table>

For greater flexibility, procurers and requisitioners can decide to have intermediate alternative proposals, using only some of the green label criteria or choosing to use criteria from a single issue label focusing on one adverse environmental impact.

### 2. Verify compliance with technical specifications

(to the overview↑)

If environmental criteria are included in the technical specifications, products that bear a relevant label can be considered compliant – as long as the label respond to those reliability standards described in the first chapter. In other words, a relevant environmental label can be considered a proof of compliance with specifications without requiring further evidence. This should always be clearly indicated in the tender documents.

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\(^{10}\) UNDP Procurement Manual chapter 10.3.4, describes the possibility of using alternative proposals: “Suppliers should be informed of whether alternative proposals will be considered or not. If so, the alternative proposal should include full details of specifications, environmental specifications (if any) and costs in order to allow a fair technical and financial evaluation of the alternative proposal”. 

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Procurers and requisitioners must always accept other means of proof, such as a technical dossier from the manufacturer or a test report from a recognised body. Environmental labels are voluntary schemes, and requiring registration would be an unfair discrimination against suppliers who are not certified.

3. Benchmark offers at the award stage

Sometimes the size of the market for green products is unknown to the procurement practitioner; sometimes the results of a market analysis may show limited availability of green options or a consistent overprice for the desired products. In this case, procurement practitioners should consider using a weighted system at the award stage, when determining their individual procurement plan. This implies assigning extra points to offers that exceed the minimum requirements and using environmental labels as proofs of compliance.

While technical specifications are mandatory, at the award stage it is possible to give extra points for additional environmental criteria that are preferred but not compulsory requirements of the bid. In this way, procurement specialists can leave an open door for competitive green products, and at the same time they can be sure not to restrict competition or prevent bidders from participating in the tender.

<table>
<thead>
<tr>
<th>Sustainability of the offered products and services (bonus points/weighting of criteria)</th>
<th>Bonus points (max. 36)</th>
<th>Product Scoring Name:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sustainability evaluation criteria for PCs, notebooks, monitors and imaging equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Energy consumption – is lower than the maximum levels of the latest ENERGY STAR® requirements (March 2008: version 4.0, Tier 1)</td>
<td>Max. 10 points: over 75% lower: 10 points 50-75% lower: 7 points 25-50% lower: 5 points 10-24% lower: 2 points &lt;10% lower: no points</td>
<td></td>
</tr>
<tr>
<td>2. Ease of disassembly</td>
<td>Fulfillment of criteria = 5 points Non-fulfillment of criteria = no points</td>
<td></td>
</tr>
<tr>
<td>3. Hazardous Substances – low volatile Organic Compound (VOC) emissions</td>
<td>Fulfillment of criteria = 5 points Non-fulfillment of criteria = no points</td>
<td></td>
</tr>
<tr>
<td>4. Hazardous substances – backlighting of LCD monitors does not contain mercury</td>
<td>Fulfillment of criterion = 6 points Non-fulfillment of criterion = no points</td>
<td></td>
</tr>
<tr>
<td>5. Hazardous substances – product components do not contain brominated flame retardants (BFRs)</td>
<td>Fulfillment of criterion = 5 points Non-fulfillment of criterion = no points</td>
<td></td>
</tr>
<tr>
<td>6. Hazardous substances – electrical cable insulation materials of power and signal cables as well as all covers/housing parts do not contain halogens (including PVC)</td>
<td>Fulfillment of criterion = 5 points Non-fulfillment of criterion = no points</td>
<td></td>
</tr>
</tbody>
</table>

The procurement practitioner must decide in advance what weight should be assigned to additional environmental criteria compared to other eventual elements of the tender that concur to the achievement of best value for money (such as price, quality, functionality, etc). These additional criteria can be based on environmental labels as explained in section 2; products bearing relevant environmental labels are then considered compliant without further check, but it is important to emphasise the fact that other appropriate means of proof will also be accepted. All environmental award criteria and
their weight have to be published in advance, with the rest of the tender documentation that is made available to bidders.

There are many techniques for weighting environmental criteria; some of them include matrix comparison, relative weighting and bonus/malus systems\(^\text{11}\). The example above shows a matrix for weighting of environmental criteria for PCs, notebooks, monitors and imaging equipment\(^\text{12}\). The first line gives an example of how to use an environmental label at the award stage: it makes reference to the Energy Star and its criteria, but it does not require the product to carry the Energy Star label.

### 4. Use single issues and performance labels for a progressive approach

\(^{\text{to the overview}}\)

Single issue labels may be a good initial approach to introducing green aspects into your contracts. Instead of dealing with all the adverse environmental impacts throughout a product life cycle – as it happens with ecolabels – some procurers and requisitioners may wish to start with considering a single aspect. If this is the case, it is a good idea to focus on the major adverse impact of a product – this could be energy consumption for computers, emissions reduction for vehicles, recycled fibres or fibres coming from sustainably managed forests in office paper, etc. - and start with including just these criteria in the tender documents. Coordination with environmental experts will help procurement professionals in identifying the most relevant impacts of their purchase, or those that match their agency priorities. As experience and confidence with green procurement increase, targets will become more ambitious and it will be easier to use criteria that consider all environmental impacts throughout the life cycle.


5. Ecolabels and life cycle assessment

It is often stated that ecolabels are based on life cycle assessments, or that they consider the negative impacts on the environment at every moment of the life cycle of a product.

The concept of life cycle is well established in procurement. For most products, the cost of purchase is only one part of the total cost paid by the organisation though time: products need to be run, maintained and disposed of. Life cycle costing (LCC) is the name of the technique used to establish the real cost of ownership, from purchase through usage and maintenance costs to disposal. It is intimately related to the concept of best value for money.

*Life cycle assessment* (LCA) is the application of the concept of life cycle to environmental impacts such as greenhouse gas emissions, water use, air pollution, use of non-renewable resources, chemical emissions and waste amounts. The international Standards Organisation (ISO) has developed requirements and guidelines also for life cycle assessments (ISO 14044:2006 and 14040:2006).

The two concepts of LCC and LCA have a connection, as the reduction of environmental impacts leads usually to economic savings in short to medium term. Life cycle costing techniques contribute to expose the hidden costs of ownership that are too often neglected in favour of the investment costs. Purchased products will consume energy, water and other resources, and even the costs of disposal, that are easily forgotten at the moment of purchase, will have to be paid sooner or later.

The purchase of a product with reduced energy consumption or other negative environmental impacts has therefore a justification in economic terms.

The costs of acquisition of a vehicle, building or piece of equipment may include… *purchase price, administration costs, cleaning maintenance & repair, direct operation costs (for energy, water or other resources), training & information, relative waste to dispose of and wastewater discharge, packaging disposal, worker/operator safety needs, regulation & reporting, eventual disposal or resale.*

(Source: UNDP Guide)

**How to use life cycle costing and promote environmental considerations**

A life cycle calculation does not need to be excessively complicated or include elements which are outside the area of expertise of a procurement practitioner. Green aspects can be quite easily included in a basic life cycle costing comparison, allowing for savings and advantages for the environment at the same time. Life costing comparisons also show clearly that green products do not necessarily cost more, when the higher initial investment is compensated by a lower use of resources.

The easiest way to include environmental aspects in life cycle costing calculation is taking into account the use of water, electricity and fossil fuels. A lower consumption of resources brings an immediate economic advantage and, from an environmental point of view, the benefits are also unquestionable.
An often overlooked component of life cycle costs are disposal costs. Even if they are not considered at the moment of purchase, disposal cost will eventually have to be paid. Increasingly disposal is regulated by stringent national legislation which has inherent costs. This is a very important element for instance in building projects; in some cases, e.g. road building, it should also be possible to calculate the profits to be made from using recycled waste materials, such as used asphalt\textsuperscript{13}.

The example below shows the life cycle costing calculation over a period of five years for multifunctional devices (MFD), where conventional products are compared with energy efficient ones carrying an environmental label\textsuperscript{14}.

![Lifecycle costs of multifunctional devices (MFD)](image)

The graph shows that, despite an initial higher investment, the conventional and the resource efficient products have a very similar price.

The Swedish Environmental Management Council has produced a tool for calculating life cycle costs aimed at public procurers, where it is possible to include environmentally related costs. The tool is freely available at:


\textsuperscript{14} From UNEP, “Sustainable procurement guidelines for office IT equipment – Product sheet”, May 2008, p. 27; the currency has been converted from Euro into Dollars, the latter being the primary currency for UN transactions.
How can ecolabels contribute to calculating life cycle costs?

Ecolabels base their certification criteria on the whole life cycle of products. The product criteria, available on the labelling scheme websites, can provide useful data on resources consumption, end-of-life and disposal requirements, etc. This information can be used to calculate life cycle costs.

The Energy Star (which is a single issue label focused on energy efficiency) offers an on-line calculator (http://www.eu-energystar.org/en/en_calculator.shtml) that facilitates the inclusion of energy consumption in life cycle costing comparison.
6. Some relevant labels for UN procurement

The number of environmental labels available worldwide is high and continuously growing, as existing programmes are revised, new ones are developed and more product categories are included in labelling schemes. This overabundance of labels can be an obstacle for procurers and requisitioners, who may not know which scheme is more suitable for their needs.

This section provides a general guidance on labels, and gives specific indications on useful labels for commonly procured items in the UN common system. The list is far from being exhaustive, and it does not imply that the choice of one of the mentioned labels is preferred or recommended.

It is good practice to consult experts on environmental procurement whenever using environmental criteria from labels, to make sure they are appropriate, accurate and relevant to your tender.

In practice, which labels can I consider in my purchases?

Choosing to base your procurement on an ecolabel - that covers several product and service categories, offers a complete impact assessment over the life cycle and guarantees the impartiality of the scheme – is an assurance of the quality and reliability of the criteria. Very well known ecolabels are the European Ecolabel (the Flower), the Nordic Swan and the Blue Angel.

The fact that these labels have their origin in Europe has sometimes led to the allegation (see chapter 2, on introduction to ecolabels ↑) that the concept of ecolabelling and that of sustainable production and consumption are developed countries concepts imposed on developing world suppliers. On the contrary, ecolabels are nowadays found globally, including developing countries and countries with economies in transition. Developing countries are increasingly using European ecolabels for their export products destined for the European market. Moreover, there are ecolabel schemes in many developing countries. Procurers may consider the following list of reliable ecolabels. Their balanced geographical distribution can be kept in consideration when exploring local market conditions for green products. This list is not intended to be exhaustive.
Procurement practitioners can find, among the product categories of these labels, *green criteria for many of the items commonly purchased in the UN*. The list of product categories covered by these ecolabels includes chemicals, textiles, electricity, paper, furniture, building material, cleaning products and services, appliances, hotel accommodation, and many others.

The next section will suggest a non-exhaustive list with examples of additional environmental labels that can be used in procurement. Some of these labels address only single environmental issues. This approach may be useful for a progressive implementation of sustainability in procurement, but procurement professionals must be aware that ecolabels remain – in all product categories - the best guarantee of a complete approach to environmental problems.

*The most complete list of ecolabels* for all sorts of product categories worldwide can be found at *The Global Ecolabelling Network (GEN)*. GEN is a non-profit association of third-party, environmental performance recognition, certification and labelling organizations founded in 1994 to improve, promote, and develop the "ecolabelling" of products and services.

**Additional environmental labels, product declarations and standards:**

### Computer and other IT office equipment:

**ENERGY STAR** is a well-known environmental label focussed on energy efficiency. It identifies and promotes energy-efficient products that have the same quality standards of equivalent models, and in addition reduce energy-related CO$_2$ emissions and lead to cost savings.

**EPEAT** is a label that can help purchasers evaluate, compare and select desktop computers, notebooks and monitors in relation to 51 environmental criteria, covering the products’ whole-life impact.

### Electrical equipment and appliances:

**The EU Energy Label** is not an environmental label, as its use is mandatory in the EU on certain products. But it can be used by procurers and requisitioners as it rates the energy efficiency of households appliances from ‘A’ to ‘G’, with ‘A’ being the most energy efficient. It provides energy efficiency classes and thus facilitates comparison among products.

The **Australian Water Efficiency Labelling and Standards** (WELS) Scheme requires certain water-using products to be labelled for water efficiency. The scheme is mandatory in Australia and as such it cannot be considered an environmental label. It can be used for comparison and for developing water efficiency classes: the more stars appear on the label, the more water efficient the labelled product is.

### Paper, prints and publications:

The **FSC trademark** offers a guarantee, through accredited certification bodies, that products come from responsible sources that support the conservation of forests and wildlife.

**PEFC** promotes sustainable forest management - environmentally, socially beneficial and economically viable management of forests for present and future generations - through independent third party forest certification.
Building materials and services:

The forthcoming UNEP Guide on Building and Construction in developing countries will contain a study and comparison on existing labels in the building industry.

Energy:

Renewable energy is a rapidly emerging issue that is becoming increasingly paramount to UN agencies addressing their contribution to the fight on climate change by ensuring that the energy they purchase is from renewable sources. Labelling of “green energy” is not harmonised at international level nor there are universally known labels that one could refer to. For this reason we have chosen 2/3 labels below as examples but we advise procurers and requisitioners to do a local market analysis to establish what is available in the country they operate in.

The **100% energia verde – 100% green energy** is an Italian label that certifies energy produced through renewable sources. The label can be obtained by producers, traders and consumers of renewable energy.

The **OK-Power Label** guarantees that electricity is produced by trustworthy renewable energy plants. It has been developed in 2000 in Germany by Öko-Institut, the World Wide Fund for Nature (WWF) Germany and the Consumer Agency NRW.

GreenPower is a government accreditation program for renewable energy in Australia. The percentage appearing on the label is the amount of accredited GreenPower that the energy retailer is purchasing on behalf of the final user, as a percentage (10% – 100%) of the household’s electricity consumption.

Food:

The **International Federation of Organic Agriculture Movements** (IFOAM) is the worldwide umbrella organization for the organic movement. It unites the organic world through a common system of standards, verification and market identity.

The use of the term “organic” is often regulated by law at national level. A number of national labels certify the respect of state-run standards.
Hotel accommodation/conference centres:

Useful indication and recommendation can be found in the UNEP 2009 Green Meeting Guide – Roll out the Green Carpet for your Participants, and in particular the Green Meetings Checklist, detailing greening recommendations for the day to day preparation of a meeting.

For ecolabels addressing these product groups, see the Global Ecolabelling Network criteria.
7. Green claims or greenwashing?

This Guide is about environmental labels, which are essentially tools for communicating the environmental performance of products. Ample space has been dedicated to explaining their importance for supporting the diffusion of greener products. But the focus on the environment has also a side effect, as it encourages some companies to exhibit environmental merits they don’t actually have. Among many correct environmental declarations (the so-called green claims, see chapter 3, on ecolabels classification [1]), the market is full of product declarations that have no meaning, are misleading or deceitful.

A product declaration made by a company about the environmental quality of its products, but not verified by an external source, is called “green claim”. A reliable green claim should respect the criteria indicated by ISO 14021. These can be summarised saying that the claim should be truthful and accurate; it should be communicated in a straightforward way; and the information behind the claim should be verifiable and accurate. However, even a good claim will never provide the same guarantee of reliability of an environmental label.

When the criteria of transparency and accuracy are not respected, the behaviour of firms who falsely claim to have a sound environmental record is known as greenwashing [15]. Greenwashing is the act of misleading consumers regarding the environmental practices of a company or the environmental benefits of a product or service.

The practice of greenwashing distorts the choice of consumers who want to buy green products, but end up with products that don’t deliver the benefits they promise. It also creates confusion in the market and undermines the effectiveness of true claims and labels, taking away their market share. In the long term, it damages the reputation of all labels and environmental claims.

Even if an accurate green claim conveys correct information, reliable, comprehensive, independent type-I ecolabels are recommended for use in UN procurement

How to recognise a reliable claim?

It is obvious that a good environmental claim should be true, based on scientifically sound elements and all relative information should be transparently available to anyone who asks for it. Finding out about the reliability of a claim may take time and a thorough research; nonetheless, the very same way a claim is made can say something about its quality and reliability:

✓ **general descriptions** such as “green”, “earth-friendly”, “non-polluting”, “all natural”, “good for the environment”, “sustainable” do not have any meaning; also pictures of globes, butterflies, flowers and trees, unless they have a direct connection to the product, can give the misleading impression that the product has particular environmental benefits.

Specific terms as “**organic**”, on the contrary, are often regulated by national legislation and in that case can only be used on certified products that meet the country legal requirements.

✓ The claim **should make clear** which parts of the product or environmental issues it covers; a “recycled” label that could refer to either the packaging or the product (or both) is misleading.

✓ The claim should not use an **exaggerated language**. Beware of claims displaying “50% increase of recycled content”, without specifying the exact quantity: if the initial content was very low, the improvement could be minimal.

Other common tricky messages that may constitute greenwashing include the following:

✓ Claims should not be based on information that is literally true, but does **not imply any benefit** for the environment. A product is guaranteed CFC free? It better be: the production and consumption of CFC was phased out in 1996! This paper contains no tropical hardwood? Why should it? Tropical hardwood is not a material used in making paper\(^\text{16}\).

✓ Claims should not **restate the same benefit** using different terminology, e.g. saying that paper is “Non-chlorine bleached”, “Totally Chlorine Free (TCF)” and “Elemental Chlorine Free (ECF)” suggests three different benefits rather than one\(^\text{17}\).

✓ Claims should be **explicit** about the net results of the environmental benefits: stating that less water was consumed in the production process and omitting that this caused higher energy consumption would not be a valid claim.


8. Recycling symbols and schemes

This paragraph deals with symbols that appear often on products and packaging, but should not be confused with environmental labels. *These symbols give indications on how the products can be recycled, but they do not mean that products have actually been recycled nor contain any recycled content!*

A well-known, internationally recognised symbol is the *Mobius Loop*. The symbol is not a trademark, and this is why it appears in different variants (the arrows can be green or black, filled with colour or not, in different shapes). The three arrows represent the three moments of the recycling process: collection, transformation into a new product, and finally re-use.

Many procurers and requisitioners will be familiar with this symbol, but not everybody knows the exact meaning of its variants. The basic version of the Mobius Loop, without any number, means that the product is recyclable, but not that it will actually be recycled at the end of its life.

If the Mobius Loop contains a percentage number, it indicates that the product is made with recycled material in the indicated percentage.

Another symbol commonly found on products and packages is the *Green Dot*. Many believe that the Green Dot indicates that the product is recycled or recyclable, but this is not the case. The Green Dot is a trademark for an industry-based recovery system of packaging. The symbol only indicates that the producer is included in the waste recovery programme against the payment of a fee.
9. Environmental Management Systems

Environmental Management Systems (EMS) are included in this Guide because they are often confused with environmental labels. It is important to stress that EMS do not certify the environmental quality of a product or service. An EMS certifies that a system is in place in the organisation to keep track of the environmental performance\(^{18}\).

A good EMS should be integrated in the corporate plan and policies, set clear targets for the improvement of management of environmental performance, comply with all existing environmental laws and be clearly communicated to stakeholders.

EMS should not be confused with environmental labels, even if they have some common features and this explains why they are sometimes mistaken for labels. EMS are voluntary tools and the certification process is carried out by an external agency. The main difference with environmental labels is that EMS certification concerns a company, and not a product. More precisely, EMS certify that a company has an environmental management system in place. As such, they can only be used in the suppliers’ selection phase.

**How can EMS be used in procurement?**

For procurement purposes, the fact that a company has an EMS is a proof of goodwill towards the protection of the environment but it is not a direct proof of good environmental performance. An EMS enables a company to be more efficient in detecting source of environmental problems than a non-certified one\(^{19}\).

When selecting suppliers, service providers or contractors, procurement practitioners can ask bidders to demonstrate their technical capacity to carry out the contract and to take measures for the protection of the environment. These specific cases are those when the execution of the contract can cause environmental damages; here the proof of environmental care is directly related to the subject matter of the contract. An example can be a large construction project in a naturally sensitive area, where it is necessary to establish particular measures of environmental protection.

It is important to note that procurers and requisitioners cannot require bidders to register with a particular EMS scheme, in the same way as they cannot require them to carry an environmental label. Procurement professionals have to accept all internationally recognised certificates or other valid means

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\(^{18}\) The definition of the European Commission is that “an EMS is a problem identification and problem solving tool that provides organisations with a method to systematically manage their environmental activities, products and services and helps to achieve their environmental obligations and performance goals”. Available at [http://ec.europa.eu/environment/emas/about/enviro_en.htm](http://ec.europa.eu/environment/emas/about/enviro_en.htm).

\(^{19}\) UNEP/UNDP/UNOPS, “Sustainable Procurement: Buying for a better world - The UN Sustainable Procurement Guide”, May 2008 draft, Annex I.
of proof of bidders’ technical capacity. Nonetheless, an ISO 14001 or EMAS certification can serve as (non-exclusive) proof of technical capacity\textsuperscript{20}.

ISO 14001:2004

ISO 14001 is the well-known, international, certifiable standard for EMS. ISO 14001 is a generic standard, which means that it does not specify levels of environmental performance, but it provides a framework for a strategic approach to environmental policies. Therefore, ISO 14001 can be applied to any organization, large or small, whatever its product or service, in any sector of activity, and whether it is a business enterprise, a public administration, or a government department.

ISO 14001 assist organisations in identifying the environmental aspects that they can control and that they can be expected to influence.

EMAS

The EU Eco-Management and Audit Scheme (EMAS) is a management tool to evaluate, report and improve the environmental performance of companies. EMAS was created in the aftermath of the Earth Summit in Rio in 1992, as an environmental policy tool to reach the wider goal of sustainable development.

Since 2001, EMAS is open to organisations from all sectors, both in the private and public sector. Certification can be obtained for organizations based in EU member states and in countries undergoing the procedure of accession.

The EMAS scheme builds upon the requirements of ISO 14001, without any duplicating effect. In addition, EMAS is more rigorous in some areas: it includes additional steps such an obligation to demonstrate full legal compliance, it demands annual improvement, it envisages employees’ participation and it requires control over contractors and suppliers. Certified companies are awarded the EMAS logo, so that they can enjoy a reputation effect similar to the one deriving from the use of environmental labels.

10. The other labels: social labelling

Labels do not only certify environmental performance. The technique of labelling products to help consumers make their purchase choice on the base of considerations that are not only economic is used also in relation to social issues. In this case we refer to social labels. Social labels usually cover issues such as human rights, workers rights, ban of child labour, payment of a fair price to developing countries producers, etc.

The use of social labels in public procurement is not as straightforward as with environmental labels, because social labels are more difficult to manage in procurement. Fair trade products, for instance, include a more limited range of goods than environmental labels, covering mainly agricultural products (like food or cotton) and certain handcraft products. Because of these constraints, their application in everyday procurement is rather limited. However they can be applied to situations involving catering, receptions, coffee\textsuperscript{21}.

Furthermore, there are not large, harmonised labelling initiatives backed by states or international organisations as it happens with ecolabels. So far, only Belgium has developed a national social label, which certifies the respect of ILO fundamental principles during all stages of the value chain (www.social-label.be).

How can social labels be used in procurement?

Social labels resent of the current uncertainty – in comparison to the fast development of green procurement - on how to include social issues in public purchasing.

From the perspective of procurement professionals, the main challenge with social labels is the necessity to justify their use. When writing technical specifications, procurers and requisitioners have to make sure that the specifications are relevant to what is being procured. If some criteria from social labels are included in the technical specifications, it is important to do it while maintaining a clear link to the subject matter of the contract. One classic example can be given for the purchase of coffee. If the procurement practitioner wants to ensure that the coffee purchased has been produced “fairly”, the best option is to give the right title to the contract, e.g. “Purchase of fair trade coffee”. Once this first step is done, the use of social criteria in purchasing will be perfectly in line with the subject matter. Nonetheless, procurers and requisitioners should never require suppliers to register with a determined social labelling scheme, and should add the wording “or equivalent” whenever mentioning a specific label. In the same way, procurement professionals can use award criteria and eventually alternative offers to include social issues in their procurement.

What are the main social labels?

The Fairtrade Labelling Organizations (FLO) International is a non-profit, multi-stakeholder association involving 23 member organizations. It contributes to sustainable development by offering better trading conditions to marginalized producers and workers in developing countries. The Fair Trade mark appears on a wide range of products like coffee, fruit, rice, juices, chocolate, cotton, footballs, flowers.

Rainforest Alliance certification is a comprehensive process that promotes and guarantees improvements in agriculture and forestry. To earn the seal, foresters and farmers have to ensure that their production meets criteria of sustainability under the aspects of protection of the environment, decent working conditions, respect of local communities.

The Rugmark certification guarantees that carpets and rugs are produced without employment of child labour; verification of this requirement is ensured through independent certification and rigorous inspections.

There is also an international standard for managing social issues at work: the SA8000 ethical workplace management system. SA8000 is aimed at improving working conditions, and it is based on the ILO Conventions and the main Human Rights Conventions. It is a voluntary system and its third party certification includes factory inspections.
II. References

**Papers, guides and documents:**


**Visited websites:**

**Greener Choices**’ Eco-labels centre is a non profit, web-based initiative to inform, engage, and empower consumers about environmentally-friendly products and practices.

http://www.greenerchoices.org/eco-labels/

**Ecolabelling.org** is an on-line global registry of environmental labels.

http://ecolabelling.org/

The **UK Department for Environment, Food and Rural Affairs (DEFRA)** provides extensive guidance on green labels and green claims.

The **Global Ecolabelling Network (GEN)** is a non-profit association of third-party, environmental performance recognition, certification and labelling organizations founded in 1994 to improve, promote, and develop the "ecolabelling" of products and services.

http://www.globalecolabelling.net/

The **Green Label Purchase Network** is run by a consortium of 12 European institutions and partnered by the EU Commission – Directorate Energy and Transport, with the objective of increasing the share of energy efficient public procurement in Europe through the diffusion of energy labels.

www.greenlabelspurchase.net

**European Commission** information on social labels.


**European Commission** webpage on Eco-Management and Audit Scheme (EMAS)

http://ec.europa.eu/environment/emas/index_en.htm

**European Commission's** information hub on life cycle thinking based data, tools and services.


**Australian Green Procurement**, guidance to green procurement and life cycle assessment.


The **Swedish Environmental Management Council** tool for calculation of life cycle costs.

http://www.msr.se/en/green_pro/urement/LCC/

The **European Observatory on Fair Trade Public Procurement** is a Europe-wide platform for those interested in Fair Public Procurement.

http://www.eftafairtrade.org/

The **international EPD system** provides the basis of a fair comparison of products and services by its environmental performance according to ISO14025 standards.

http://www.environdec.com/pageId.asp

**Labels and other sources of criteria:**

100% Energia verde – 100% Green energy http://www.centopercentoverde.org/index.php


Belgium Social Label http://www.social-label.be/

China Environmental Labelling [http://www.sepacec.com/cecen/]

Eco Mark [http://www.ecomark.jp/english/]


Ecologo [http://www.ecologo.org/]

Ecomark: India [http://envfor.nic.in/cpcb/ecomark/ecomark.html]

Ekolabel Indonesia [http://www.menlh.go.id/]

Energy Star [http://www.energystar.gov/]

Environmental Label Croatia [http://www.mzopu.hr/default.aspx?ID=5145]

EPEAT [http://www.epeat.net/]


EU Flower [http://ec.europa.eu/environment/ecolabel/index_en.htm]

Fairtrade [http://www.fairtrade.net/]

Forest Stewardship Council [http://www.fsc.org/]

Good Environmental Choice: Australia [http://www.aela.org.au/]

Green Choice Philippines [http://www.globalecolabelling.net/ph.html]

Green Dot [http://www.gruener-punkt.de/?L=1]

Green Mark Taiwan [http://greenliving.epa.gov.tw/greenlife/green-life/english.aspx]


Green Seal [http://www.greenseal.org/]

International Federation of Organic Agriculture Movements [http://www.ifoam.org/]

ISO 14001 [http://www.iso.org/iso/management_standards.htm]

Korean Ecolabel [http://www.koeco.or.kr/eng/index.asp]

Ok-Power  http://www.ok-power.de/


Rainforest Alliance  http://www.rainforest-alliance.org/

Rugmark  http://www.rugmark.org/home.php

Social Accountability International  http://www.sa-intl.org/index.cfm?stopRedirect=1

Sustainable Forestry Initiative  http://www.aboutsfi.org/

Thai Green Label  http://www.tei.or.th/greenlabel/