



Quantified Sustainable Standards / Education / Training / Consumer Engagement

**2008**  
is the year  
of the  
Sustainable  
Market



**Sustainable Materials Rating Technology**  
- The Quantified Sustainable Standard -

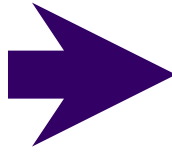
- **Eliminates Redundancy** by blending the best of many single attribute standards
- **Offers Simplicity** by covering all products except airplanes and cars.
- **Is Adopted** by major industry groups, financial institutions and governments.
- **Is Flexible** to allow entry-level manufacturers.
- **Is Scalable** and can be deployed quickly and globally.
- **Comes with a Word-of-Mouth Marketing Campaign** to your key customers.



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**The World's Best Sustainable Product Standards are incorporated into SMART®.**



**Redundancy was removed. Missing criteria were added, forming a one-stop-shop for the entire supply chain.**

- FSC Certified Wood
- Green-e Power
- Certified Organic
- GRI Social Equity Indicators
- EPA/Purdue University Best Management Practices
- ISO 14025 LCA
- GREENGUARD / California 1350 VOC
- FTC Environmental Marketing Guides
- Stockholm Treaty Chemical Ban
- LEED
- State of Minnesota *DfE* Toolkit
- EPA Lifecycle Design
- EPA Environmentally Preferable Product Guidance
- EPA Toxic Release Inventory
- EPA Tool for the Reduction and Assessment of Chemical and other Environmental Impacts (TRACI)
- EPA Closed Loop Process Regulation
- Cleaner & Greener Certification
- Minnesota Public Utilities Commission Cleaner Fuels Spec
- EcoSmart CO2 Reductions for Concrete & Cement
- ISO 14001 Environmental Management System Environmental Policy & Publicly Available Targets

#### **Pollution Reduction Minimums**

- Triple Bottom Line Sustainable: Environment, Economy, Social Equity
- Climate Change Pollution Reductions
- Encourages No or de Minimus Toxins, including Endocrine Disruptors
- ISO Compliant Life Cycle Assessment (LCA)
- Requires Product Reuse / Reclamation

#### **Reporting / Labeling Requirements**

- Meets Federal Trade Commission (FTC) Environmental Marketing Requirements
- Meets ISO 14020 Environmental Label Principles
- Meets ISO 14024 Environmental Label Requirements
- Meets ISO 14021 Environmental Label Requirements
- Meets EPA Requirements for EPP Product Certifier

#### **Certification Process**

- Consensus: ANSI Accredited Process
- Transparent
- Independent Certification
- Third Party Global Auditing: Manufacturer & Supplier Facilities
- Decertification for Noncompliance
- Rules Preventing Industry Trade Association Dominance
- Approved Standard
- Performance Based: Tangible Impact Measures
- Reasonable Costs Associated with Use and Implementation
- Accessibility
- Requires Continuous Improvement

# The “R” in Sustainable ROI



FLOORING SYSTEMS

## Forbo Flooring Case Study: SMART© Platinum Certified Sustainable

- EBIT (Operating Result) performance as a percentage of sales that is, at a minimum, 25% better than any of its competitors.
- Internal profitability shows its sustainable products' EBIT level performance more than double, as a percent of sales, those of traditional products.
- Five year share price performance is 100% greater on average than its three largest competitors.
- As a Platinum Certified Sustainable Product, Forbo Linoleum is eligible for credit for certified green buildings and homes comprising Sustainable Mortgage Backed Security Pools.

## Where will your profits come from?

### OPERATIONAL SAVINGS

**Substantial energy cost savings and reduced price volatility.** Sustainable products use less conventional energy and more green power, thus reducing costs because conventional energy costs will increase 20% per yr. for ten years based on actual data (*Green Building Value Rating System 2006 Capital Markets Partnership*)

Reduced liability, associated transactions costs, regulatory constraints & raw materials

extraction and manufacturing costs. Sustainable products generate less air and water pollution and solid waste and thus avoid environmental costs. Sustainable products minimize raw materials extraction and concomitant environmental costs, and manufacturing that generates substantial waste and pollution; accordingly, their manufacturing costs are cheaper. Kodak, 3M, and Dell Computers all substantially decreased product manufacturing costs from environmental design improvements, resulting in increased sales (*Green Product Design*, Bus. For Soc. Resp. (BSR) Ed. Fund 1999).

**Faster Product to Market time.** By using more efficient and less polluting raw material extraction and manufacturing, sustainable products are made faster and introduced to market quicker, reducing start up costs. Substantial time and resource savings accrue from avoiding the need to obtain permits. *Green Product Design* cites the following decreases in production time for green products: Philips Electronics Chupai, Taiwan plant (35%), equipment manufacturer (67%), vending equipment manufacturer as reported in Harvard Business School case study (63%).

"Nearly half of Americans now believe that global warming is either already having dangerous impacts on people around the world or will in the next 10 years--a 20-percentage-point increase since 2004. These results indicate a sea change in public opinion."

Anthony Leiserowitz,  
director of the Yale  
Project on Climate  
Change

**Reduced costs for raw materials and manufacturing:** FedEx's hybrid trucks use less materials resulting in reduced costs of raw materials and manufacturing, as well as reduced fuel costs (MTS/FedEx/Environmental Defense/Pew Charitable Trust ad 2001). DaimlerChrysler saved 277,000 **pounds** of waste going into landfill and \$400,000 in 1998. Recycling Accomplishments at Sterling Heights Assembly (Michigan DEQ 2001).

## **IMPROVED CORPORATE GOOD WILL and SHARE VALUE, RESULTING IN COMPETITIVE ADVANTAGE.**

**Product Differentiators:** Sustainable products marketing differentiates a product from conventional products in a way that is preferred by the public due to human health and environmental benefits. This provides a marketing and sales advantage (Minn. *DfE Toolkit* 1995). Sustainable products also increase the value of a company's conventional product line. This occurs with certified organic food and fiber, e.g., Patagonia Organic Cotton Clothing improved the company's overall profitability (*Sustainable Products & Life Cycle Assessment: The Patagonia Case* (Michael S. Brown, Ph.D, MS Brown & Assoc. 2000, as updated, Lu Setnicka, Patagonia).

**Improve Product Designs:** Design for environment (DfE) with LCA principles adds environment as a product design feature in addition to cost, size, effectiveness, etc., allowing manufacturers to better position themselves in a world of environmental responsibility. DfE can improve product characteristics, e.g., Xerox in design for disassembly, redesigned copiers so they use less parts and materials (Minn. *DfE Toolkit*).

**Obtain LEED Credit:** Certified products going into Green Buildings earn credit points with **SMART** certification.

**Increase Product Innovation:** Certifying products allows companies to align societal and shareholder value, making business less cyclical, and increase knowledge intensity.

**Deliver added value to consumers:** The #1 issue for consumers and the environment is saving energy. Consumers want to save energy, but don't want to pay more in taxes or research. The energy you save meets consumers' needs and gives you a marketing advantage in your customers' eyes.

**Documented public demand due to global health and environmental benefits:** Federal Trade Commission Surveys show that over 90% of the public will purchase sustainable products over conventional if the product quality is the same. (SPC Sustainable Product Training Manual 2004). Natural Marketing Institute (2007) data show that consumers will pay more for sustainable products (MTS Sustainable Product Education 2007).

**Demand is growing:** The limiting factor in meeting this market opportunity has been the availability of credible sustainable product standards which are now available. Sustainable Products are being sold by Home Depot, Wal-Mart, Target; these include FSC Certified Wood and organic products. MTS has partnered with [www.BigGreenPurse.com](http://www.BigGreenPurse.com) to promote Certified Sustainable Products to consumers.

## INCREASED SOCIAL EQUITY

**Improved employee health and safety:** Reduced toxic material use improves worker health, safety and productivity. See *Automotive Toxic Use Reduction Report* (Michigan DEQ 2001). The Michigan Auto Project reports a 50% reduction in Toxic Release Inventory (TRI) reportable releases by DaimlerChrysler, Ford and General Motors manufacturing facilities from 1991 through 1999. During the same time period, a 70% reduction in reportable releases of Great Lakes persistent toxic substances was achieved. These reductions are calculated on a per-vehicle-produced basis.

**Increased worker productivity through lower time for liability, compliance:** Fewer workers need to be devoted to environmental compliance, freeing up workers for value added positions, e.g., marketing, sales, manufacturing.

**Enhanced social equity protecting license to operate:** Sustainable products are also produced in a way that promotes social equity, e.g., their benefits accrue to both lesser developed and developed nations and to regions where they are made. The benefits above are derived from the process of defining, making, specifying, or purchasing sustainable products. For example, manufacturers create health and environmental benefits when designing products to minimize adverse effects. Social equity for manufacturers is identified using the Global Reporting Initiative (GRI) Social Equity Indicators. The GRI Social Equity Indicators are an MTS Sustainable Product Standard. These indicators cover worker and supplier social reporting and are covered at: <http://MTS.sustainableproducts.com/standards.htm>.

### **The cumulative impact of the foregoing factors leads to:**

- Risk reduction
- Increased sales margins and growth enhancement
- Greater capital efficiency (Hedges against more sustainability-constrained future)

### **Documented public demand translates into improved conditions such as:**

- Reduced climate change and acid rain
- Increased waste reduction, reuse and recycling
- Improved ambient and indoor air quality
- Water conservation and improved quality and availability
- Improved human health and environment
- Increased pollution prevention
- Preservation and restoration of ecosystems and wildlife habitats

## Where You'll find SMART and MTS already at Work

### Capital Markets



MTS Completed Sustainable Mortgage Backed Securities Standards Requirements 2.0 specifying how LEED, ENERGY STAR and Climate Neutral Certified Buildings can be aggregated into MBS Pools now with sufficient buildings to meet diversification and quantity needs for MBS pools. Sustainable MBS is expected to add an estimated \$1 trillion/year to the global economy after five years. (See Capital Markets brochure for a list of global partners.)

### U.S. Green Building Council



SMART has been adopted by USGBC for LEED credits, the dominant standard for Green Building construction. SMART Certified Sustainable products accumulate credits which work within the LEED point system. LEED is also used in India and most new construction initiated from an American-based company.



**AIA 2015** Imperative to stop irreversible dangerous climate change. SMART was adopted.

### Sustainable Furniture Council (SFC)



SMART Sustainable Product Standards are adopted and incorporated into the SFC Draft 2008 Standard. SFC's and MTS' customer education programs are being delivered by manufacturer sales professionals:

<http://mts.sustainableproducts.com/executivesummary.html>.

Once a green building is constructed, having sustainable furniture is the next step.



### Big Green Purse.com

Consumer Engagement Campaign. Big Green Purse will champion to the social media world, any company and product that becomes Certified Sustainable in 2008. A growing list of individual women and women bloggers are joining in the effort.



### National Education Partnership

MTS, SFC, US Department of Commerce, Big Green Purse and other market leaders have formed a partnership to commercialize Certified Sustainable Products.

- Eco2SMART—Realtor Education Program
- Evolutionary Selling—Sustainable Furniture Education Program
- LCA Train-the-trainer Programs



### Fireman's Fund

They are using SMART for its underwriting criteria



## Flexible Levels of Sustainable Achievement

True Sustainability is a proven process based on quantifiable benchmarks. The **SMART**® system allows for that growth while recognizing those who are performing on superior levels. The scoring system has 4 levels:

- Sustainable
- Sustainable Silver
- Sustainable Gold
- Sustainable Platinum



The standard for sustainable living®

## Certified Sustainable Product Summary:

### Putting Truth in Green Advertising

In the good old days of last year, we could fudge the facts a little. Those days are over. How do you keep greenwash out of your spin cycle? How do you keep your corporate voice honest and above the law of the land *and* public opinion? It's easy. Have a "Certified Sustainable Product Summary" ready to incorporate "green" into your current brand.

Once a product is **SMART** certified, MTS will work with you to develop a document that every department can refer to for the green facts. It will include:

- Your product's green "story"
- A breakdown of quantified actions taken
  - Why it's safe for Public Health & Environment
  - Renewable Energy and Energy Efficiency
  - Bio-based or Recycled Materials
  - Facility or Company-based Manufacturing
  - Reclamation, Sustainable Reuse or End-of-Life Management of the Product
  - Innovation Credits
- LEED Credits (when appropriate)
- Green Affiliations



## Consumer Engagement

### Big Green Purse is Big in Social and Market Influence... and that's no Small Change.

“We are banding together now to demand, in the loudest, most powerful way we can, that you — our leaders, in this country and across the globe — make the big and serious changes in environmental practices that are going to make the difference, and have the impact.”

CoolitMoms.com



It's not enough to just “provide” information. We are swimming in information. What we need is context, motivation and a delivery mechanism that can do it all quickly, continually and directly to the key consumer most likely to buy products or influence change inside their homes — women. **Big Green Purse**, in conjunction with many other trusted women bloggers, offers that function.

Diane MacEachern, the founder of **Big Green Purse** will champion products that become “Certified Sustainable” in 2008. This is no lightweight offer. Diane is a respected author/blogger, highly sought after speaker and long time conservationist. She encourages women to green the marketplace by choosing products whose use or manufacture offer the greatest environmental benefit.

Through her blog posts, articles and speeches, she motivates women to take action by joining her *One Million Women Campaign* to shift \$1,000 from brown buying habits to green. That amounts to an initial \$1 billion impact on everyday purchases — purchases that help rewire our lifestyles while paving the way to big-ticket items that pack an even bigger environmental impact.

Diane's books have already reached hundreds of thousands of people with their “you can change the world” messages. The best-selling *Save Our Planet: 750 Everyday Ways You Can Help Clean Up the Earth* has been featured on national television programs ranging from CNN Headline News to Live with Regis and Kathie Lee to The ABC Network Television Earth Day Special and was reprinted in Italy and Japan.

Diane will be touring with her latest book, printed by Penquin/Avery. In March 2008, Diane will begin touring with her newest book, *Big Green Purse; Use your Spending Power to Create a Cleaner, Greener World*.

**Take advantage of the social media promotion across the Big Green Purse system — become “Certified Sustainable” in 2008.**





MTS is a nonprofit public collaboration of leading environmental groups, governments and companies working to achieve 90% sustainable products market penetration by 2015 through high leverage market measures:

- Standards
- Capital Markets
- Business Education
- Consumer Engagement



MTS is an American National Standards Institute accredited standards developer, and follows the ANSI essential democratic requirements for standards approval.



The **SMART** Standard is structured for flexibility and scalability to meet the high demand for certification that lies ahead. It is LCA-based and third party audited for accuracy and compliance.



## How to Become SMART© Certified or Trained

Call or email MTS for a Certification Application:

**202-338-3131 ET or [info@SustainableProducts.com](mailto:info@SustainableProducts.com)**

Take advantage of the many online training courses available at:

**<http://MTS.SustainableProducts.com/onlinetraining.html>.**

Or arrange for onsite training with an accredited instructor through MTS and begin to educate your Supply Chain, Designers, Marketers, Sales Force, Employees and Manufacturing Reps on how to think and BE Sustainable in everything they do.

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