

CSA PLUS 14021
Environmental Claims: A Guide for Industry and Advertisers
Competition Bureau of Canada and CSA, June, 2008
Briefing Note

Background

Over the last few years, and increasingly of late, “green” product claims have proliferated in the marketplace. This is particularly the case in the areas of packaged goods, health and beauty products and household cleaning products. The proliferation of green product claims has attracted the attention of Canada’s marketing and advertising regulator, the Competition Bureau of Canada. Research conducted by organizations like TerraChoice™ indicate that the vast majority of Green product claims involve some degree of “green-washing”, whether intentional or otherwise. The Competition Bureau has made it clear that it is prepared to take action to address this situation.

In both Canada and the U.S., government regulators are moving forward in this area. The U.S. Federal Trade Commission is currently holding a series of hearings to examine green labels, including those used by builders and developers. In Canada, the Competition Bureau has partnered with the Canadian Standards Association to produce a guide to environmental claims for industry and advertisers.

This Briefing Note presents key points from the new Guide and highlights areas where these newly-defined guidelines may apply to the home building industry. Additional research will be needed in order to provide CHBA members with specific information about the Guide and how they can comply with its recommended practices.

Key Points

While not all portions of the Guide have obvious relevance to the home building industry, many of the recommended practices are clearly relevant. Among these are the following:

- Businesses should not make environmental claims that they cannot prove. Ideally, such proof should be quantitative and reflect generally accepted standards. Environmental claims must be accurate, verifiable, relevant and not misleading.
- Businesses should avoid the use of vague or undefined terms when describing homes. This would include terms like “environmentally-friendly”, “green” or “eco-friendly”, as none of these terms has a recognized or defined meaning. Each feature of a home for which the builder claims an environmental benefit would need to be addressed clearly, and the claimed benefit would need to be qualified based on clear, objective terms.
- Use of the term “sustainable” is to be avoided, as it is ambiguous and lacks a commonly accepted definition.
- If a home is promoted as being “energy efficient”, this claim should be backed up by some form of credible measurement and/or valid comparison to other homes, or to previous models of the same

home. Also, energy consumption can relate only to the “use” phase of the product, and cannot be based on reduced energy use in the production phase. In practice, this indicates that claims related to embodied energy of materials must not be used to support claims of energy efficiency of a home in which they are used.

- Claims concerning reduced resource use (i.e., raw materials, embodied energy, water, etc) must be qualified. Such claims should be expressed in terms of reduction percentage when compared to previously-used or conventionally-used materials. Businesses are also cautioned to ensure that such claims consider environmental impacts throughout the product’s lifecycle and avoid “false trade-offs”. For instance, where the production of a material may have reduced raw material requirements, but results in additional environmental impacts in other areas.
- Claims of water efficiency must be comparative and based on the amount of water used by similar products performing the same function.

Purpose of the New Guidelines for Green Claims

On June 25/08, the Competition Bureau of Canada (CB), in partnership with the Canadian Standards Association (CSA) released this guide. According the CB backgrounder, the goal of this project is:

“to provide businesses with the tools they need to ensure their advertising practices are not misleading, which ultimately improves the accuracy of environmental claims in the marketplace today. This responds to increasing demand by consumers for clear information about environmental products.”

The Guide, which represents “best practices”, is based on the provisions of ISO 14021, the international standard for environmental labeling, adopted by CSA.

At present, the Guide has no regulatory force, but the CB has made the following statement concerning its relationship to the law:

“The Guide provides businesses making environmental claims with guidance on how to comply with the laws under the Bureau’s jurisdiction by outlining best practices and guiding principles based on international standards. It will serve as the reference used by the Bureau when evaluating whether a claim is false or misleading under the Competition Act, the Consumer Packaging and Labelling Act, or the Textile Labelling Act.

“The Guide is voluntary and deviation from it does not necessarily result in a contravention of the law. Advertising that complies with the best practices and principles outlined in the Guide is unlikely to raise an issue with the Bureau.”

These statements by the CB suggest that the Guide will be used as a benchmark to assess specific situations. This is further reinforced by additional CB statements included in the background material released with the Guide:

“The Bureau recognizes that companies may wish to reassess their advertising and labelling in light of this Guide. It is therefore allowing for a one-year transition period. During that time however, if

particularly egregious cases of false or misleading environmental advertising are identified, the Bureau reserves the right to take action."

Scope of the Guidelines

The Guide applies specifically to "self-declared environmental claims" – statements or claims made by, or on behalf of, the producer, or by their advertising agent. It does not apply to the operations of third-party labeling organizations, which fall under a separate standard (ISO 14024). As such, it would seem to apply to any statement made by a builder about the environmental performance of his/her homes, but would not apply to the validity of any environmental label that was provided for the home by a third-party (e.g., R-2000, Built Green, Energy Star in relation to energy performance.).

In terms of what constitutes an environmental claim, the Guide addresses this as follows:

"CAN/CSA-ISO 14021 emphasizes in its introduction that, while self-declared environmental claims do not require third-party verification of supporting data, the data must be available and accurate."

Relevance to the Home Building Industry

The Guide addresses all products and services, and does not specifically refer to home building. A number of areas addressed in the Guide are clearly not relevant to home builders, such as labeling that indicates the recyclability of a product or material. However, many of the guidelines and principles outlined are directly relevant to home builders.