WALMART ENVIRONMENTAL LABELING GUIDELINES FOR PACKAGING

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Important Disclaimer: This document is only intended to convey general information on Walmart's policy on environmental claims in regards to packaging. It is not intended to constitute legal advice or guarantee compliance with applicable laws and regulations. As such, guidance provided in this document should not be used as a substitute for comprehensive professional advice about your particular packaging environmental claims. Environmental Packaging International shall not be responsible for any liability arising from your reliance on this information. The information in this document may not be current, as corporate policies and laws in this area are continually being updated.

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WALMART ENVIRONMENTAL LABELING GUIDELINES FOR PACKAGING
All marketing materials used at Walmart’s Sustainable Packaging Exposition on April 14th and 15th, 2009 need to meet the Federal Trade Commission’s (FTC) Guides for the Use of Environmental Marketing Claims and other US State and Federal requirements. This document provides a summary of those guidelines, as well as Walmart-specific criteria. Marketing materials are limited to two from each supplier: (1) success story, and (2) seven R’s. All marketing materials will be reviewed to ensure they conform to the requirements and the Walmart criteria listed below. More information about the FTC’s guidelines and additional examples can be found at: http://www.ftc.gov/bcp/grnrule/guides980427.htm

It is also expected that all booth material will follow these guidelines.

BASIC PRINCIPLES OF GREEN MARKETING
Six Sins of Greenwashing™ (TerraChoice)
1. Sin of the Hidden Trade-Off
2. Sin of No Proof
3. Sin of Vagueness
4. Sin of Irrelevance
5. Sin of Fibbing
6. Sin of Lesser of Two Evils

Six Virtues of Green Labeling:
1. Tell the truth
2. Use specific claims- do not make broad environmental claims
3. Don’t overstate a products attributes
4. Use clear and prominent qualifications
5. Have competent and reliable evidence to back up claims
6. Make sure a reasonable consumer can CLEARLY understand the meaning behind the claims

GENERAL ENVIRONMENTAL BENEFIT CLAIMS
The following types of general environmental benefit claims are discouraged unless accompanied by qualifying text:
- Sustainable
- Eco-friendly
- Green
- Natural
- Environmentally safe

Without qualifying text, consumers are likely to interpret these claims to mean that the packaging does not have much of an environmental impact. It is best to limit claims to specific environmental attributes.

Example
A wrapper is labeled: "Environmentally Friendly because it was not chlorine bleached, a process that has been shown to create harmful substances." This claim is deceptive if the production of the paper wrapper created other harmful substances. Consumers are likely to interpret that no significant harmful substance was released when producing the wrapper. A claim that the wrapper is "bleached with a process that substantially reduces, but does not eliminate, harmful substances associated with chlorine bleaching" would not, if substantiated, overstate the product's benefits and is unlikely to be deceptive.

Walmart Criteria:
- NO unqualified claim will be allowed. Claims limited to specific environmental attributes are favored.
RECYCLABLE CLAIMS

Key points

- A product or package should not be marketed as recyclable unless it can be collected, separated or otherwise recovered from the solid waste stream for reuse, or in the manufacture or assembly of another package or product, through an established recycling program. Claims of recyclability should be qualified to the extent necessary to avoid consumer deception about any limited availability of recycling programs and collection sites.

- A product or package that is made from recyclable material, but, because of its shape, size or some other attribute, is not accepted in recycling programs for such material, should not be marketed as recyclable.

- If package has both recyclable and non-recyclable components, the recyclable claim should be adequately qualified to avoid consumer deception about which portions or components of the product or package are recyclable.

- Under US FTC Guidelines, the use of the Möbius Loop (three chasing arrow symbol) alone, with no qualifying text, constitutes a claim that the packaging and product are made of 100% recycled materials and are universally recyclable.

Example 1: Plastic PP (5) bottle (accepted at recycling facilities in 15% of US communities)

Deceptive Label:
- “Recyclable”
- “Recyclable where facilities exist”

These claims are deceptive because, unless evidence shows otherwise, reasonable consumers living in communities not served by programs may conclude that recycling programs for the bottle are available in their area.

Acceptable Label:
- “This bottle may not be recyclable in your area”
- “This bottle is recyclable in 15% of US communities”

These claims are acceptable because they state the limited availability of recycling facilities for the bottle.

Please note that PET bottles with a neck that are clear, green or light blue could have a “recyclable” claim. HDPE bottles can also have a “recyclable” claim. All other plastic bottles need to have qualifying language.

Example 2: Plastic clamshell

Deceptive Label:
- “Recyclable”

This claim is deceptive in the US, since plastic clamshells are generally not accepted for recycling. No acceptable recycling claim.

Example 3: Blister pack (paper backing, plastic front)

Deceptive Label:
- “Recyclable”

The claim is not qualified to apply to just the paper portion of the package. The plastic portion will not be accepted for recycling.
Acceptable Label:
- “Paper portion of this packaging is recyclable.”
This claim is acceptable if the company has data to prove that the substantial majority of recycling facilities (60%) will take the paper that is used.

Please note that paperboard with high gloss or hot stamps may not be accepted in the substantial majority of recycling facilities (60%)

Walmart Criteria:
- A basis for the claims (e.g. study or survey results of municipal recycling facilities) must be stated when making ‘recyclable’ claims on packaging that is not traditionally accepted for recycling, e.g. plastic clamshells.
- Any use of the Möbius Loop (three chasing arrow symbol) must have text as to whether you’re claiming recycled content (with %) or ‘recyclable.’

APPROPRIATE USE OF SPI PLASTIC RESIN IDENTIFICATION CODE
The Society of the Plastics Industry (SPI) code consists of a design of arrows in a triangular shape containing a number (1-7) and abbreviation identifying the component plastic resin.

It should only be used on:
- Predominant materials (materials made of one plastic only can use 1- 6. ANY Plastic with multiple materials (example- PET with nylon lining) must use the number 7 “other.”
- The bottom of plastic containers or bottles; otherwise, it will constitute a recyclability claim.
- Meet the additional guidelines found at:
  http://www.plasticsindustry.org/AboutPlastics/content.cfm?ItemNumber=823

Walmart Criteria:
- SPI code use should follow the strictest state law interpretation (39 states have SPI code laws).

RECYCLED CONTENT CLAIMS
Key points:
- Must meet FTC definition of recycled content: Pre-consumer: materials that have been recovered or otherwise diverted from the solid waste stream, during the manufacturing process. Excluded is the reutilization of materials such as rework, regrind or scrap generated in a process and capable of being reclaimed within the same process that generated it. Post-consumer: are materials that are generated by household, commercial, industrial or institutional facilities in their role as end users of the product, and which can no longer be used for their intended purpose.
- Both pre and post-consumer material are considered recycled content.
- Claim must be able to be substantiated.
- Percentage of recycled content by weight should be identified
- Distinctions may be made between pre-consumer and post-consumer materials.
- If only some of the package components have recycled content, the recycled content claim should be adequately qualified to avoid consumer deception about which portions or components of the package have recycled content.
- Under US FTC Guidelines, the use of the Möbius Loop (three chasing arrows symbol) alone, with no qualifying text, constitutes a claim that the packaging and product are made of 100% recycled materials and are universally recyclable.
Walmart Criteria:

- For Walmart material, we request that all recycled content claims include a percentage, even if it is 100%.
- Any use of the Möbius Loop (three chasing arrow symbol) must have text as to whether you’re claiming recycled content (with %) or making a ‘recyclable’ claim.

REUSABLE CLAIMS
A ‘Reusable’ claim does not meet FTC guidelines unless the packaging is meant to be refilled with the same product.

DEGRADABLE/Biodegradable/Photodegradable CLAIMS

Key points:
- Unqualified claims of degradability, biodegradability or photodegradability should be substantiated by competent and reliable scientific evidence that the entire product or package will completely break down and return to nature, i.e., decompose into elements found in nature within a reasonably short period of time after customary disposal. Note that ‘customary disposal’ of most packaging is in a landfill.
- Oxo-biodegradable claims will likely be considered by consumers to be equivalent to a biodegradable claim; therefore, must meet the same criteria.
- Most landfills are fundamentally anaerobic, which severely limits/prevents photodegradation and oxo-biodegradation from occurring.
- Any biodegradation that happens in landfills is very slow and produces methane.
- Claims of degradability, biodegradability, oxo-biodegradable or photodegradability should be qualified to the extent necessary to avoid consumer deception about:
  - (1) the product’s or package's ability to degrade in the environment where it is customarily disposed (Note that ‘customary disposal’ of most packaging is in a landfill);
  - (2) the rate and extent of degradation.
- All claims should be based on competent and reliable scientific evidence.
- Testing to back up degradability, biodegradability or photodegradability claims should be based on the finished package/components, NOT the finished material that is used.

Walmart Criteria:
- Compostable claims are favored over degradability, biodegradability, oxo-biodegradable or photodegradability claims. Because most product packaging ends up in landfills, unqualified claims in this area will not be accepted at this time.

COMPOSTABLE CLAIMS

Definition
Compost- is the result of bacterial decomposition in the presence of oxygen at a reasonable rate of decomposition (usually 90 days or less), leaving no toxic residue.

Key points:
- Should be substantiated by competent and reliable scientific evidence that all the materials in the product or package will break down into, or otherwise become part of, usable compost (e.g., soil-conditioning material, mulch) in a safe and timely manner in an appropriate composting program or facility, or in a home compost pile or device. Example- EN 13432, ASTM D6400 and/or ASTM D6868 test results
- Claims of compostability should be qualified to the extent the package cannot be safely prepared.
composted in a home compost pile or device

- A claim that a product is compostable in a municipal or institutional composting facility may need to be qualified to the extent necessary to avoid deception about the limited availability of such composting facilities. There is a limited amount of municipal and composting facilities in the U.S., so compostability claims always need to be qualified.
- Composting does not take place in landfills.
- Testing to back up compostability claims should be based on the finished package/components, NOT the finished material that is used.

Walmart Criteria:
- Only compostability claims that are sufficiently qualified as to ability to compost in a home, municipal or industrial composting facilities will be accepted.
- Claim involving material that can only be composted in municipal and institutional composting facilities must have text regarding the limited availability of these facilities.
- Plastic coatings must meet the ASTM D6868 Standard Specification for Biodegradable Plastics Used as Coatings on Paper and Other Compostable Substrates.

COMPARATIVE CLAIMS
- Comparative claims should be able to be substantiated. Claims using words like “better” and “most” cannot be quantified. Claims using words such as “larger/smaller,” or “more/less” can be quantified using purchasing or manufacturing records or historical data.
- Claims should be sufficiently qualified and clear what is being compared.

Example:
A claim that a “box contains 10% more recycled content” is too ambiguous. It is unclear whether they are referring to 10% more compared to their previous package or to a competitor’s product. The claim should be sufficiently qualified to say that this “box contains 10% more recycled content than our previous package.”

USE OF GREEN DOT
The Green Dot should not be used to make any environmental claims. It is a protected trademark. Use of the Green Dot on packaging in North America requires a signed license agreement with CSR North America. http://www.greendot.ca/

Walmart Criteria:
- Use of Green Dot is only allowed with a valid trademark license
- Size and placement must follow license agreement

CLAIMS BASED ON THE WALMART SCORECARD
It is acceptable to make claims about the percentage reduction/difference of a specific Walmart metric when comparing two packages. It is not acceptable to compare the total normalized score of one package against another. Example:
### Walmart Criteria:

- **Acceptable Claim:** “New bottle design reduces the Walmart GHG emission score by 9.8% compared to previous bottle.”
- **Not Acceptable Claim:** “New Bottle design increases the Walmart Score from 2 to 10 compared to previous bottle.” This is not acceptable because it only compares the normalized score for 2 products. The total normalized score varies with the number of products being compared, which is always in flux.

### SOURCES USED TO COMPILE GUIDE

- “The Six Sins of Greenwashing™, found at www.terrachoice.com
- Part 260- Guides for the Use of Environmental Marketing Claims found at http://www.ftc.gov/bcp/grnrule/guides980427.htm
- Environmental Packaging International, Green Marketing Materials