

SURVEILLANCE & MONITORING

- THE ILLEGAL USE OF ECO-LABELS



May 3rd, 2012

Capacity Building Training for Mongolian Experts in Eco-labeling

**Environmental Certification Department
Environmental Standard Management Office**

Part 01 | **Procedure of Eco-label Surveillance**

Part 02 | **Procedure of Monitoring**

01

PROCEDURE OF ECO-LABEL SURVEILLANCE

01. Procedure of Eco-label surveillance

◆ The purpose of surveillance

- Strengthen the surveillance of certified products and provide properly the environment-friendly information of products to consumers through the investigation of Eco-label follow-up management
- Intensify the investigation of illegal use of eco-label
- Consolidate reliability of the Eco-labeling Programme
- Disseminate the green consumption culture and establish green consumption & growth and sustainable production & consumption systems

◆ The period of the investigation

- January –December in 2012

◆ Products to be under Eco-label surveillance in 2012

- Out of the current 8,038 certified products, 4,284 products (certification will be expired in 2013) to be under surveillance in 2012 to check the conformity to the required production standards.

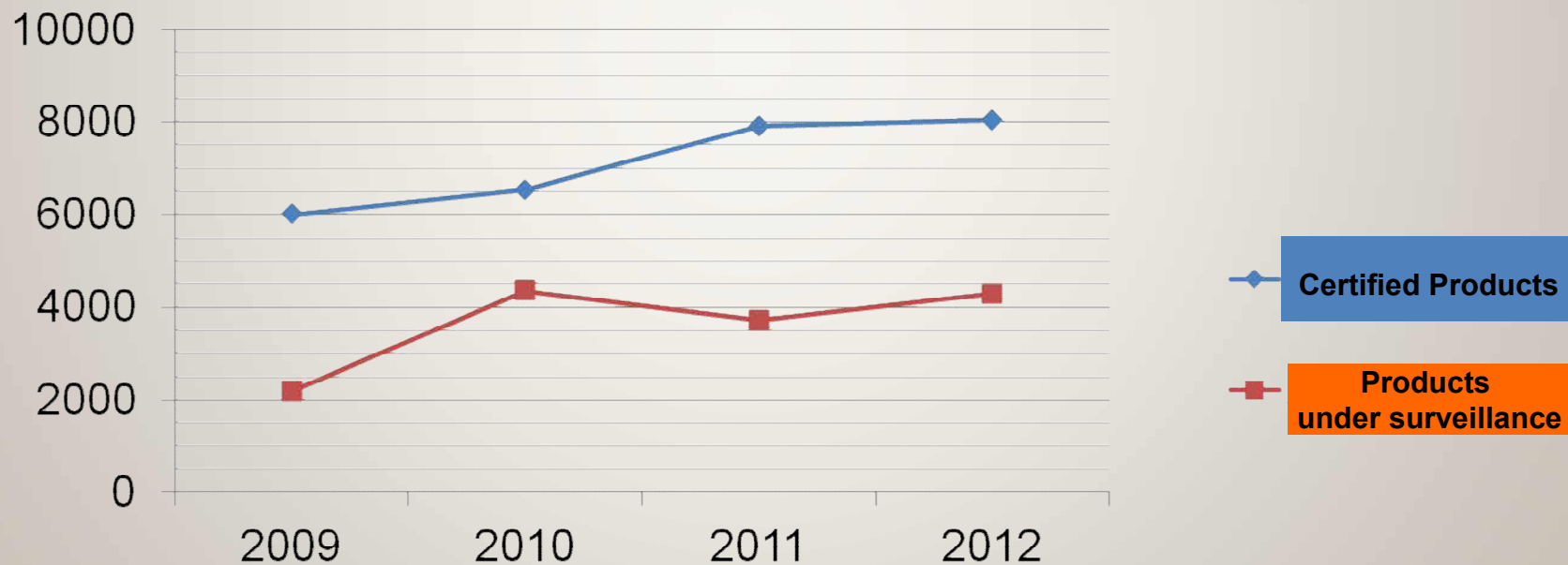
* One year before the expiry date, notice will be given

01. Procedure of Eco-label surveillance

◆ Eco-label surveillance

▪ Surveillance Progress

	2009	2010	2011	2012
Certified Products	6,005	6,531	7,904	8,038
Products under surveillance	2,185	4,341	3,706	4,284



01. Procedure of Eco-label surveillance

◆ Related Law

- Eco-label surveillance is conducted after the establishment of a basic surveillance yearly plan in order to check ①that the Eco-label certified product continuously follows the appropriate certification criteria, such as environment friendliness and quality, ②and whether or not any non-certified products illegally use the Eco-label design

<Support for Environmental technology and environmental industry act>

Article 22(Use of Environmental Mark, etc.)

A person who has obtained authentication of environmental mark or environmental grade mark may put an environmental mark, etc. on packages, containers, etc. of materials and products as prescribed by Ordinance of the Ministry of Environment or advertise about authentication of environmental mark, etc.

Article 23(Cancellation of Authentication of Environmental Mark, etc.)

The Minister of Environment shall cancel such authentication : In case where he/she distributes products not meeting the standards for authentication with an environmental mark put thereon

Article 28(Ex post Facto Administration)

investigate manufacturing process of materials and products

Article 30(Hearings)

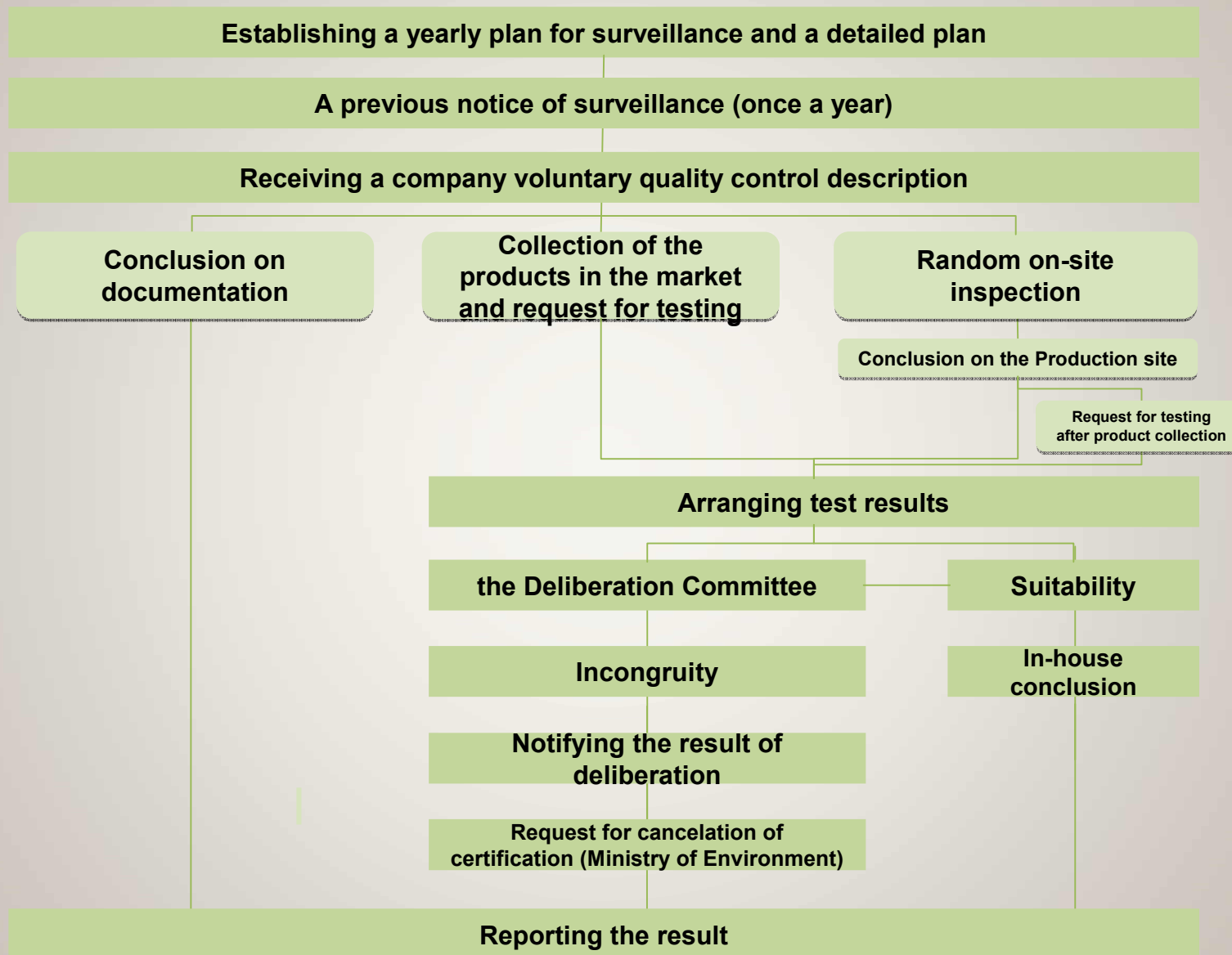
Hold a hearing in advance if he/she intends to take measures falling.

01. Procedure of Eco-label surveillance

◆ Procedure of Eco-label surveillance

1. Establishing a yearly plan for Eco-label certified product surveillance and a previous notice of surveillance
2. Random on-site inspection, testing and analysis
3. Deliberation on Eco-label certified product surveillance
4. Cancellation of an Eco-label certification

01. Procedure of Eco-label surveillance



01. Procedure of Eco-label surveillance

◆ Selection of a target for follow-up surveillance

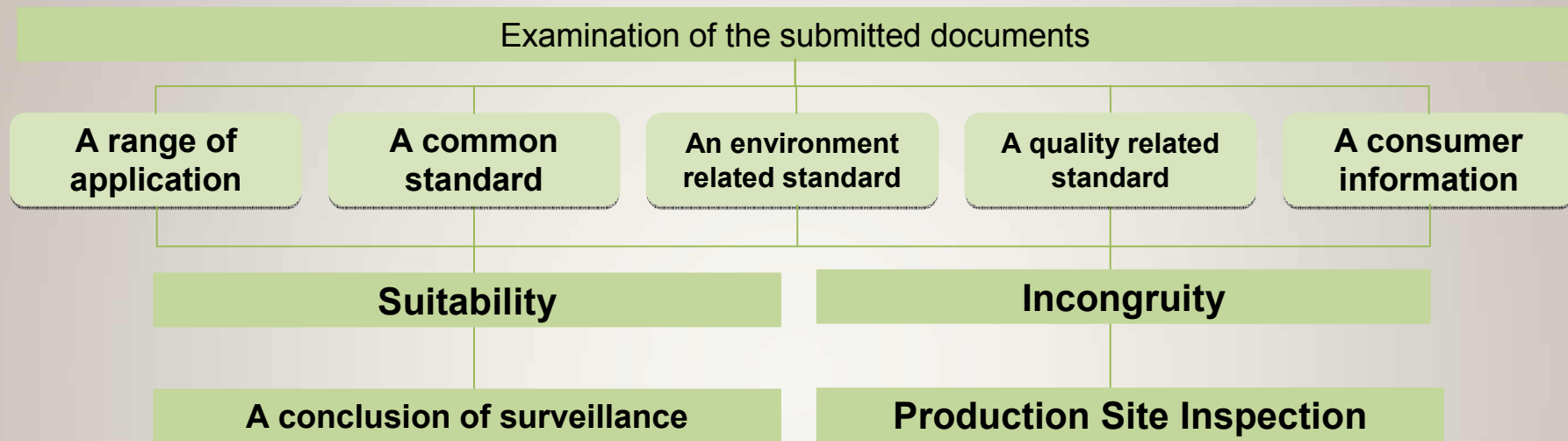
- Classifying total target products(certification will be expired in the next year) into three parts

Management grade	A reason of categorization
General Management	Products which resources and manufacturing process might be less changed and of which quality management is done during producing (computer, gas boiler, refrigerator, tire)
Critical control Management	Products which resources and manufacturing process might be changed, but of which quality management is done during producing (printing paper, faucet, toilet bowl designed to save water)
Intensified management	Products which resources and manufacturing process might be changed and of which quality management is inadequate during producing (office furniture, paint, adhesive, wall paper)

- ※ The target companies will be selected after examining all of the submitted documents for application and the ones submitted for surveillance.

01. Procedure of Eco-label surveillance

- Examination of the submitted documents



※ Those who did not submit the in-house quality control statements will have the top priority for the on-site inspection

Based on the in-house quality control statement submitted by the client (certified company), the object of surprise production site investigation is selected.

01. Procedure of Eco-label surveillance

◆ Random on-site inspection

- Collection of the products in the market or Random on-site inspection about the products of an actual condition

<Collection of the products in the market>

Random sampling: in case that samples can be easily collected in the stores
Request for test analysis to an authorized testing agency

<Random on-site inspection>

- **On-site inspection: in case that samples can not be collected in the stores**
- **Check the status of conformity to certification criteria.**
- **Request for sample analysis to an authorized testing agency.**
- **Determination can be made based on the result of the sample analysis**

01. Procedure of Eco-label surveillance

◆ The Deliberation Committee of surveillance

▪ Purpose

- to review whether to cancel the certification based on the situation statement submitted by the client on a product that is nonconforming to the current certification criteria and surveillance investigation results.

▪ Composition of the Committee

- The committee is composed of 7-10 members

- ※ 1. experts in eco-labels
- 2. experienced current/former government officials
- 3. The government officer in charge who is currently working in the place where the targeted company is based
- 4. The person in charge of the work in KEITI
- 5. KEITI employee (s) nominated by the KEITI president
- 6. Expert(s) recommended by the KEITI president

- The Deliberation committee shall be held with a satisfactory attendance rate (more than 2/3 of the committee members should attend)

- The chair of the committee is designated out of the committee members by the president of the KEITI

01. Procedure of Eco-label surveillance

▪ **Determination**

- Four types of evaluation: conformity to all of the criteria, conditional conformity, re-evaluation, cancellation

- Determination can be made by an unanimous vote

- When a reinvestigation of the deliberation result is deemed needed, reinvestigation can be conducted. In such case, any and all expenses incurred for the reinvestigation are assumed by the client.

◆ **Reporting the result**

The Deliberation committee can suspend or withdraw the right to use the Ecolabel for the product concerned where the terms of the contract are breached.

- The product cannot be re-licensed within one year.

02 PROCEDURE OF MONITORING

02. Procedure of Monitoring

◆ Purpose

- To protect the rights of all licensees, to help consumers avoid buying the product of illegal use of eco-labeling, and to consolidate trust in the eco-labeling programme

◆ Legal base

<Support for Environmental technology and environmental industry act>

Article 22(Use of Environmental Mark, etc.) ② No one, other than those who have obtained certification of eco-label etc. under Article 17 (1) or 20 (3) shall place an eco-label, etc. or other similar mark on packages, containers, etc. of materials and products or advertise certification of eco-label, etc.

Article 34 (Penal Provisions) A person who falls under any of the following subparagraphs shall be punished by imprisonment with prison labor for not more than two years or by a fine not exceeding 10million won:

02. Procedure of Monitoring

◆ Legal base

<Code of Regulations on Eco-label Certification>

Article 30(Scope of Follow-up Surveillance)

Determining the appropriateness of advertisements and proper use of Eco-labels and investigating illegal use of Eco-labels.

Article 33(Investigation into Illegal Eco-label Use)

The President may investigate illegal use or reference to the Eco-label on packaging or its equivalent and in advertisements.

Article 47(Detailed Operational rules)

The president, In order to enforce this Code and more effectively conduct the certification and labeling process, may make separate rules defining and guiding all necessary action to take including setting up a detailed quality management manual.

02. Procedure of Monitoring

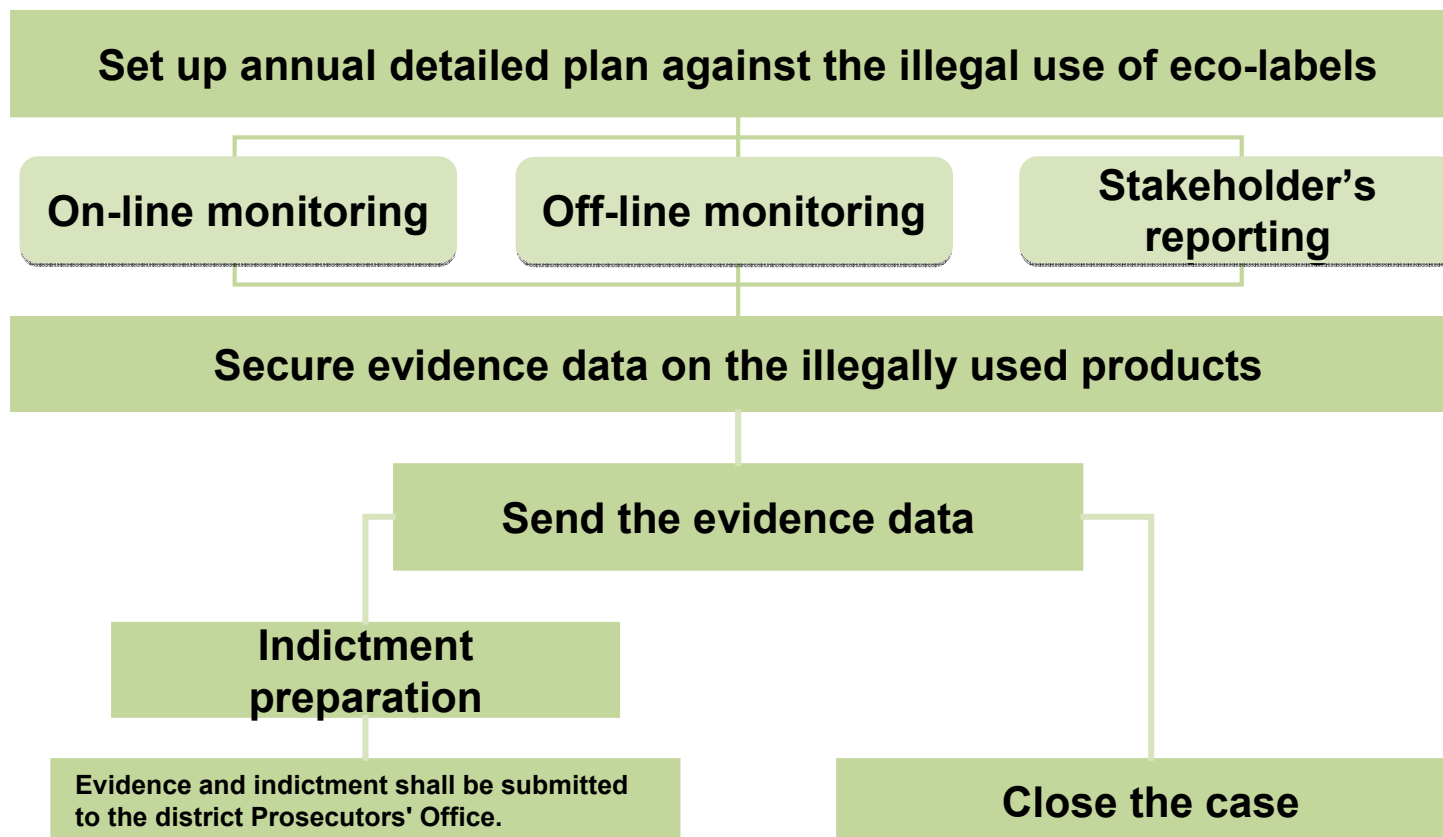
◆ Investigation of illegal use of eco-labeling (Investigated cases per year)

Case \ Year	2008	2009	2010	2011
Investigated cases (no. of products)	1,901	11,202	12,815	14,230
Illegal cases	81	87	33	20
Corrective action	71	80	-	-
Accusation (cases)	10	7	33	20

02. Procedure of Monitoring

◆ Procedure of Monitoring the illegal use of Eco-labels

1. Establishment of a plan for investigations into the illegal use of Eco-labels
2. Administrative actions against products for which the Eco-label design is illegally used



02. Procedure of Monitoring

◆ Establishment of a plan for investigations into the illegal use of Eco-labels

- In the plan for investigations into the illegal use of Eco-labels, specific procedures, such as selecting targets from Internet shopping malls and distribution outlets across the country and on-site inspections for distribution outlets, and budgets are determined

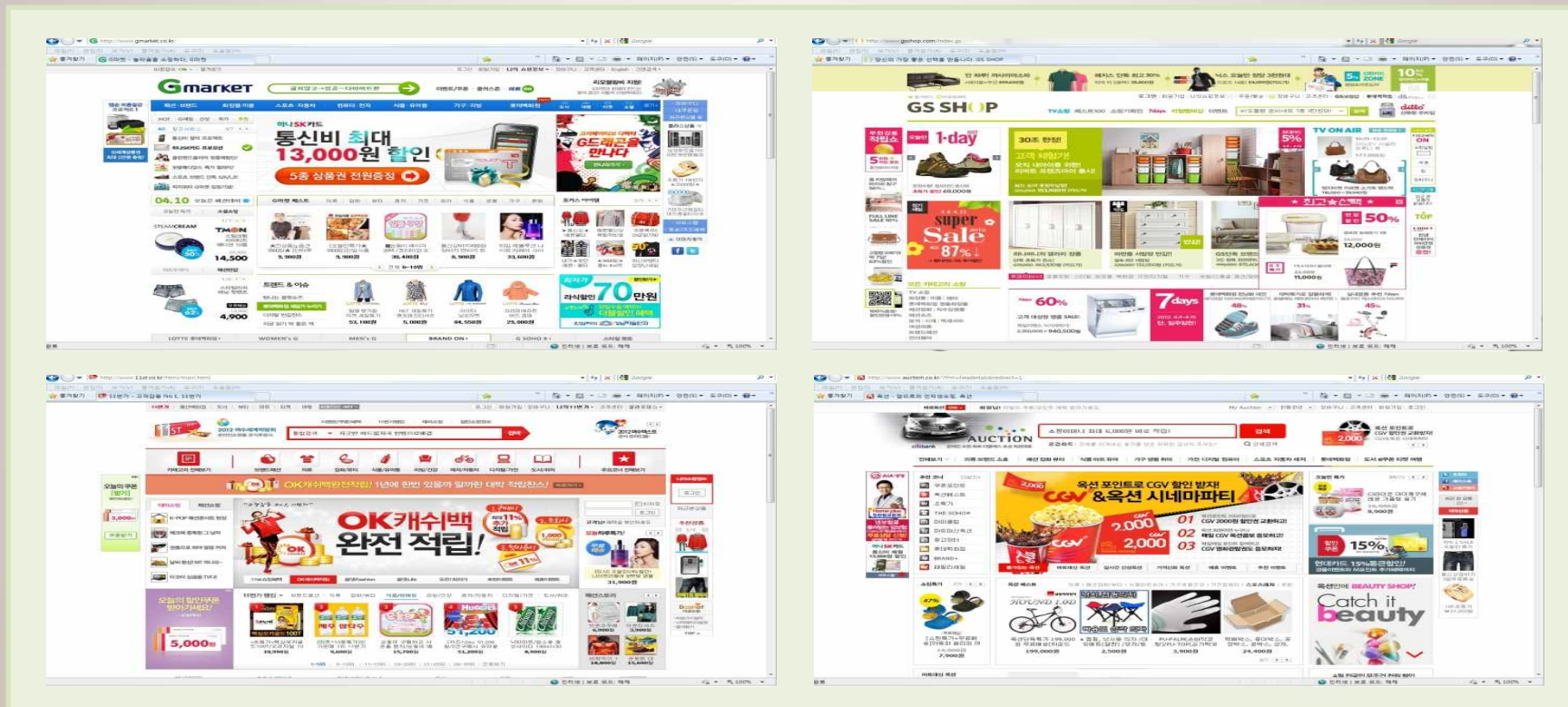


- According to the established plan for an investigation into the illegal use of Eco-labels, KEITI conducts ① real-time monitoring on online distribution outlets by using monitoring experts and ② an investigation into the actual status of the illegal use of the Eco-label design at distribution outlets across the country ③ information provided by third parties.

02. Procedure of Monitoring

◆ Monitoring on online distribution outlets

- **Aggregate amount of business : \$17 billion/year in 2011** (source from Statistics Korea)
- On-line shopping malls



02. Procedure of Monitoring

◆ Monitoring on offline distribution outlets

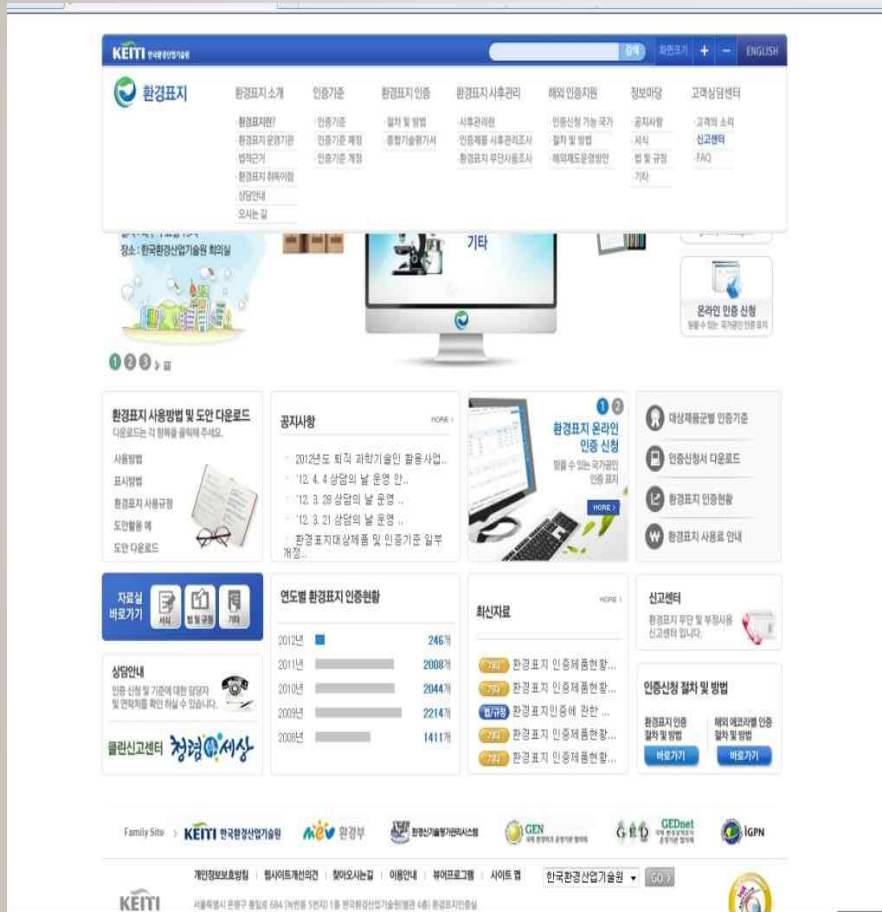
- Aggregate amount of business - \$ 51.4 billion (as of 2011, source from Statistics Korea)
- 712 stores nationwide (department stores and big supply chains)



02. Procedure of Monitoring

◆ Information provided by third parties

- Bulletin board under operation
- Website, phone, email, etc. can be reported to all paths



02. Procedure of Monitoring

◆ Securing evidences

- KEITI secures evidence of any illegal use of the Eco-label design through an investigation into the actual status of the online and offline use of the Eco-label design.

◆ Submit indictment

- Evidence and indictment shall be submitted to the district Prosecutors' Office.

02. Procedure of Monitoring

◆ Monitoring group composed of housewives

- Purpose
 - Housewives as real consumers take active parts in monitoring, information sharing/dissemination
 - Their direct involvement in the monitoring works can consolidate trust through various feedback

- Role : to monitor illegal use of eco-labels and to raise awareness of eco-labeling programme

- Recruitment : Advertised on the KEITI's and other related websites

- Education : to provide education for the monitoring group to strengthen understanding of eco-labeling program and to guide how to monitor the certified products

- **Monitoring supply chains**
 - Subjects : all of the products except groceries
 - How : to check the production dates/ producer information/ take pictures of the eco-label part on the products