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VERSION 1

Approved
February 8, 2011

National Consensus Sustainable Manufacturing Underwriting EMERGENCY Standard

For Manufacturers, Retailers, Financial Institutions & the Capital Markets

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NATIONAL CONSENSUS SUSTAINABLE MANUFACTURING UNDERWRITING STANDARD©

Applying Sustainable Manufacturing Value to Retailers, Capital Markets, and Financial Institutions

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ACKNOWLEDGEMENTS

The Capital Markets Partnership ("Partnership") is a collaboration of financial institutions, investment banks, real estate investors, governmental entities, NGOs, non-profits, and other interested parties.

The national Sustainable Manufacturing Underwriting Standard© is developed for approval by the Consensus Sustainable Manufacturing Underwriting Committee. The Committee has exclusive jurisdiction for the development, approval, interpretation and revision of the Standard and is led by the following Officers:

- **Thomas Domitrovich**, Eaton National Application Engineer
- **Jim Lord,** Principal, Ecovert
- **Ed Mirsky,** Senior Vice President, UBS
- **Stefan Mueller**, Managing Director, Allianz / Fireman's Fund
- **Lou Newett**, Knoll Environmental Director
- **Alan Strasser**, Environmental Attorney, Chairman, Greenhouse Gas Roundtable
- **Vickie Tillman**, McGraw-Hill Senior Vice President for Sustainability, former S&P Structured Finance Director
- **George Vallone**, President, The Hoboken Brownstone Company
- **Tim Warman,** Vice President, Climate Change, National Wildlife Federation
- **Andy Whitman**, Director, National Capital Initiative, Manomet Center for Conservation Sciences

The *Capital Markets Briefing Paper: Business Case for Commercializing Sustainable Investment*© and Background Documents including Economic Benefits Standard, are peer reviewed reports released at CMP's August 18, 2009 Press Conference at the New York Stock Exchange, and are a result of four years of due diligence showing the underlying market value inherent to sustainable manufacturing. The Paper is available at:

http://webstore.ansi.org/RecordDetail.aspx?sku=MTS+2006%3a2

This due diligence was the basis of the consensus support for Green Convertible Securities, cheaper cost of capital, and higher ratings for sustainable manufacturers at the 2009 Miliken Annual Global Conference session on convertible securities. This Standard is also based in part on the unanimously approved *Green Building Underwriting Standards.* These Standards, including all content and associated underwriting methodology, is the sole property of the Capital Markets Partnership.

Please see the companion unanimously approved and market tested national consensus *Green Building Underwriting Standards* 2.1 at the link above. This Sustainable Manufacturing Underwriting consensus standard uses a similar approach except it follows financial and sustainable manufacturing attributes used for manufacturers and retailers.

The contact information for inquiries regarding the Capital Markets Partnership is:

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Standard Executive Summary

Sustainable Manufacturing Underwriting Benefits

- Interested in cheaper cost of capital?
- Do you want higher returns on investment and ratings?
- Do you want to measure increased profitability and / or share value?

For Manufacturers and Retailers:

The Capital Markets Partnership (CMP) National Consensus Sustainable Manufacturing Underwriting Standard© provides a quantitative *CMP Green Value Score©* showing increased profits and / or share value from a 25-100 score. This Score results from increased revenues and decreased expenses.

There is a national consensus that the best measure of corporate sustainability is the percent of certified sustainable products that a company buys, makes (if applicable), and sells. This is a supply chain / life cycle assessment measure of a company's major environmental and social impacts and benefits, and a principle of the *Green Value Score©* of this Standard.

Background on the Standard:

This consensus Standard is modeled after the unanimously approved Green Building Underwriting Standards, and revised for manufacturers and retailers. The Capital Markets Partnership is an American National Standards Institute Accredited and Audited Standards Developer.

Consensus standards have the highest market value and are a prerequisite for use and adoption because they substantially reduce risk and uncertainty, and have regulated industry since 1898. They are required by law for the federal government.

The Underwriting Standards are part of CMP's Sustainable Investment Initiative and peer reviewed *Capital Markets Briefing Paper: Business Case for Commercializing Sustainable Investment©,* documenting added value, reduced risk, and investor preference of sustainable investment, and released at CMP's NYSE Meeting.

This Underwriting Standard, as developed by leading financial institutions, manufacturers, purchasers, and environmental groups:

- **Documents:** for companies scored and their investors, increased profitability and / or share value from sustainable activities and reduced risk
- **Provides:** increased investor confidence and preference

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- **Stimulates sustainable development:** by providing the basis for cheaper cost of capital & higher financial returns and credit and bond ratings
- **Covers:** certified sustainable product and clean vehicle attributes including the LEED Certified Sustainable Product Credit / SMaRT, FSC Certified Wood, US Renewing Forest Label, and Clean Vehicle Standard
- **Ranks:** The most valuable sustainable manufacturing and retailing attributes

CMP GREEN VALUE SCORE FORMULA

National Consensus *Sustainable Manufacturing Underwriting Standard*© ***for manufacturers & retailers***

CMP *GREEN VALUE SCORE*© MATRIX	Points	Score
Sustainable Manufacturing Underwriting Standard Score **90** Pts. Max.		
Brand Score from SMaRT or Equivalent **10** Pts. Max. The Brand Score for SMaRT or equivalent is calculated by multiplying 0.57 times each SMaRT Credit achieved in the Sustainable Manufacturing Underwriting Score. This 0.57 multiplication factor is derived from the total 57 SMaRT or equivalent points available that add economic value, divided by 100.		
The Brand Score for The Clean Vehicle Standard is for vehicle manufacturers only, and is 10 points for achieving Clean Vehicle Standard Certification. **Clean Vehicle Standard Certification**	**10**	
The minimum requirement for a company achieving a Green Value Score is to have at least three product lines certified to SMaRT, FSC, US Renewing Label, Clean Vehicle Standard or equivalent. Further, cumulative bonus points are awarded for companies achieving these certifications for: at least 25% of all products made - 10 points 26% - 50% 15 points 51% - 75% - 20 points 76% - 100% - 25 points		
Bonus Points for Additional Certified Lines		
CMP *GREEN VALUE SCORE*©		

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FOR 100% WOOD or PAPER MANUFACTURERS and RETAILERS

	Points	Score
US Renewing Forest Legal Label	**25**	
FSC Recycled or equivalent	**35**	
FSC Mixed & Recycled or equivalent	**45**	
FSC Mixed & Controlled Wood or equivalent	**55**	
FSC Mixed, Controlled Wood & Recycled or equivalent	**65**	
FSC Pure or equivalent	**75**	
At least 25% of all products made are FSC Certified **26-75% of all products made are FSC Certified** **76-100% of all products made are FSC Certified**	**10** **15** **20**	
15% Minimum Required Mixed & Recycled Content. >50% =	**15**	
CMP *GREEN VALUE SCORE©*		

This Standard is the exclusive jurisdiction of CMP's Sustainable Manufacturing Underwriting Standard Committee.

CMP's *Capital Markets Briefing Paper: Business Case for Commercializing Sustainable Investment*© documents four years of peer reviewed due diligence with investors, investment banks and rating agencies, concluding based on national statistically valid data, that green buildings and certified sustainable products are more profitable, less risky, and preferred without exception by investors in a Survey initiated with S&P covering over $3.3 trillion in assets.

The *Briefing Paper* is supported by the Bank of America and Energy Foundations, JPMorgan, Federal Home Loan Bank, and Anonymous Foundation for green affordable housing investment, and was released at CMP's August 18, 2009 Press Conference at the New York Stock Exchange.

For Education Programs on the Standard contact CMP. The Standard is available at:
http://webstore.ansi.org/ansidocstore/dept.asp?dept_id=3144

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1.0 INTRODUCTION

There is significant value inherent to manufacturers and retailers that have achieved for a substantial number of their products, leadership consensus sustainable products certifications.

Leadership standards are those substantially reducing pollution thus having the greatest market and economic value. These national consensus standards are important as they limit risk and uncertainty in investing and are particularly vital to capital market investors and rating agencies. The value inherent to these standards can be reflected in the risk-based investment and financial underwriting decision processes used by financial institutions, investors, rating agencies, manufacturers, and retailers.

For example, these certifications transparently qualify a company's products on several critical areas including energy and water efficiency, renewable power, and pollution reductions verified through independent third-party certification and global auditing. Achievement of key sustainable product certification points positively impacts a company's financial attractiveness, risk profile, and market competitiveness.

As shown by leadership consensus sustainable product standards, the best measure of a company's sustainability is the percentage of certified sustainable products the company buys, makes and sells.

Given that these consensus standards have advanced transparency on manufacturing and retail attributes that have current and future material financial value, incorporating these attributes into the underwriting process is important when accurately assessing a company's value in comparison to companies with non-certified products.

This Standard provides the financial markets with a means to identify sustainable manufacturing attributes along a sliding scale based on characteristics identified by leadership standards of the Leadership Standards Campaign of leading environmental groups, purchasers and specifiers, and media partners. With a reliable quantification system, companies and financial markets can tangibly recognize the sustainable manufacturing "dividend" and include it in valuation, profitability, share value, higher ratings, and cheaper cost of capital analysis, equity and debt underwriting and portfolio and fund evaluation.

To accomplish this, the Standard associates appropriate Leadership Standards points, and aspects to financial decision points for financial market participants by deriving the CMP *Green Value Score*©. The CMP *Green Value Score*© is a mathematical score ranging from 25-100 based on how a company performs on Leadership Standards certifications. The intent is to use the *CMP Green Value Score*© as a compliment to existing underwriting processes and disclosures, informing investors as to a company's green performance on financially tangible attributes.

Once calculated, the CMP *Green Value Score*© can be used as a risk-management and financial tool as follows:

CORPORATE PROFITABILITY

- Internal financial resource allocation
- Debt and equity financing (private & public)
- Purchase and sale negotiations
- Company, fund or portfolio level

RETAILER SUPPLIER PRIORITIES

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Green Convertible Securities
- Debt or equity financing for manufacturers and retailers

Stock Analysis

Cheaper Cost of Capital & Higher Ratings Analyses

Corporate Information Disclosure
- Reporting
- Quarterly or annual financial reports
- Regulatory reports
- Analyst conference calls

The Standard addresses several areas of critical focus for companies and the financial and capital markets:

1. **Establishes a common definition** of sustainable manufacturing attributes appropriate for financial underwriting.
2. **Constructs an analytical basis** focused on transparent disclosure of tangible manufacturing characteristics important to corporate and financial and capital market risk assessment.
3. **Creates opportunities to perform ongoing risk assessments and analysis** by developing comparative data sets.

This Standard relies in part on four years of completed and peer reviewed due diligence with investors, investment banks, and rating agencies released at an Aug. 18, 2009 New York Stock Exchange Press Conference documenting added sustainable manufacturing value. This includes the *Capital Markets Briefing Paper: Business Case for Commercializing Sustainable Investment* and Background Documents including the Economic Benefits Standard documenting that sustainable investment is more profitable, less risky, and preferred without exception by investors in a survey initiated with S&P covering over $3.3 trillion in assets. The documents including national consensus standards that were part of this due diligence include:

- *Green Building Value Rating System*
- *Creating an Economic Stimulus & Stopping Climate Credit Risk* & Updates
- National Consensus Green Building Underwriting Standards / *Green Value Score*
- National Consensus Climate Neutral Building Standard
- Historical Actual Conventional Energy Price Volatility Data & Expected Prices Based on Globally Validated Data
- EPA ENERGY STAR Score for Buildings & Homes
- EPA ENERGY STAR Certification for Buildings & Homes
- National Consensus LEED Green Building Standard
- GreenPoint RATED Buildings and Homes
- SMaRT National Consensus Certified Sustainable Product Standard
- FSC Certified Wood Standards
- National Economic Benefits Standard for Buildings, Products & Vehicles
- Renewing Forest Legal Standard
- Clean Vehicle Standard

An important factor driving demand for green buildings and certified sustainable products as documented in the above due diligence, is overwhelming climate change risk including ongoing systemic financial market risks from imminent irreversible unmanageable dangerous climate change. Due to this risk including substantive

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litigation costs for defense and coverage, insurers have pulled out of key markets and or raised risk-adjusted premiums, thus placing greater pressure on federal and state insurance programs including demands on US Treasury Department to guarantee State funds which the Federal government refused to do. Both the Reinsurance Chief Risk Officers and Lloyds stated that climate risk could mean the end of private insurance, and Moody's and the Mortgage Bankers Association call climate change a serious credit risk.

As documented in the Wall Street due diligence by the State of California, IPCC Scientists, and NASA, the first step in preventing runaway dangerous climate change and ongoing systemic financial market risks is reducing climate change pollution in the next five years equivalent to 2.8 million green buildings and 1.2 million certified sustainable products.

A near term sustainable investment market shift including use of this Standard can uniquely achieve this unprecedented market need and as documented in the due diligence, create a $1 trillion private sector economic stimulus based on actual data and successful precedent.

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2.0 SCOPE AND OBJECTIVE

This Standard covers all manufacturing and retailing.

This Standard's primary objective is to enhance current underwriting practices by incorporating existing standards for sustainable and environmentally preferable manufacturing into the corporate and financial market underwriting and valuation processes. Sustainable manufacturing contains numerous positive value and risk reduction aspects compared to a non-certified market peer group. The additional transparency afforded by these third-party verifications allows underwriters to appropriately reflect this value.

Understanding these tangible aspects is particularly important when fully establishing a company's market comparable peer group during standard underwriting, valuation, and financial resource priority setting. It is also important when appropriately attributing value when engaged in a "mark-to-market" exercise.[1]

Adoption of this Standard allows underwriters to appropriately assess value creation and risk and incorporate risk-reduction strategies, both of which increase industry awareness of these issues and stimulate important market signals. These market signals encourage industry participation in energy and water efficiency and other sustainable manufacturing practices, thus adding to corporate and shareholder value, securities value, and critically important global pollution reductions including climate pollution.

Accurately reflecting value and risk reduction aspects stemming from sustainable manufacturing will result in one of two outcomes:

1. Companies with higher *Green Value Scores* will be afforded additional value when compared to a "market" peer group during underwriting based on specific revenue / expense line items and overall projected rates of investment return (cap rate); or
2. Companies that do not achieve particular *Green Value Scores* may reflect a market discount.

This Standard allows the transparent and material value aspects inherent to sustainable manufacturing to receive appropriate valuation consideration during financial underwriting.

A potential unintended consequence may result whereby companies that achieve key leadership standard sustainable product points and certifications, will receive top-tier "Class A" underwriting metrics, while companies that do not achieve these key underwriting criteria standards will be assigned a market discount. This Standard is not intended to influence the market in one direction or another.

Adoption and implementation of this Standard by financiers within the capital markets will further encourage the private market to utilize leadership sustainable manufacturing attributes thereby increasing much needed global energy, water, and environmental performance across the supply chain.

[1] As an example, a company demonstrating a high leadership sustainable product score, including conventional energy reduction and pollution reductions, should appropriately reflect this energy efficient financial superiority when compared to a market-based peer group as opposed to being assigned a 'market' utility expense figure during underwriting.

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3.0 STANDARD ADOPTION – FINANCIAL INSTITUTIONS / CAPITAL MARKETS

This Standard is intended for adoption by companies, institutions and individuals considering and/or underwriting financial transactions.

Adopters of this Standard include:

1. Financial institutions
2. Investment banks
3. Corporations
4. Investors
5. Investment managers / fiduciaries
6. Rating agencies and market analysts
7. Appraisers and valuation professionals
8. Other relevant and interested parties

3.1 DUE DILIGENCE OVERLAY

This Standard and the CMP *Green Value Score*© are intended to augment the existing due diligence process including:

- Corporate financial resource allocations
- Investment fund screens and ratings
- Auditing
- Physical needs assessment
- Planning cost review

3.2 REPORTING AND LEGALLY BINDING CERTIFICATION

Key information must be reported and recorded as a separate due diligence Exhibit item and signed by a qualified third-party environmental or SMaRT Accredited professional. Information required for this Exhibit includes:

1. APPROVED SMART Certification Scorecard or equivalent
2. FSC Certification or equivalent for companies only making 100% wood products
3. Renewing Forest Legal Label for companies only making 100% wood products
4. Clean Vehicle Standard Certification by a third-party environmental professional
5. CMP Green Value Score© (see Section 11.3 and Appendix)
6. Sustainable Manufacturing Underwriting Standard worksheet (see Section 11.3 and Appendix)
7. Narrative on points awarded on the Standard worksheet (see Appendix)

The Standard requires a legally binding certification validating the resultant CMP *Green Value Score*© that is signed by an independent accredited environmental or SMaRT Professional. Environmental professionals are defined by EPA: http://epa.gov/brownfields/aai/ep_deffactsheet.pdf This Certification indicates that the reported CMP *Green Value Score*© is accurate, not misleading, and prepared by a qualified professional (see the Appendix for specific certification language to be included in the certifying professional's report).

The binding certification must be to 1) the FTC Environmental Marketing Guides, or 2) provided as an express warranty by the signatory. [2]

[2] An ongoing factor for this Certification is the overwhelming extent of greenwash and greenwash standards in the market. The FTC Environmental Marketing Guides can be found at this internet link: http://www.ftc.gov/bcp/grnrule/guides980427.htm

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3.3 USES – COMPANIES & CAPITAL MARKETS

This Standard and the resultant CMP *Green Value Score*© is applicable to both internal decision making and external reporting to relevant parties including:

- Rating agencies
- Investors, credit providers
- Fund Managers – financial / CSR & environmental reporting
- Public market corporate- reports – financial / environmental reporting
- Other pertinent applications

Specific applications include corporate financial and strategic decisions, investments, investment funds, debt, equity, ratings, and cost of capital. The CMP *Green Value Score*© should be disclosed at all levels of company and financial / capital market decision making and reporting.

3.4 SCORING INTERPRETATION

The CMP *Green Value Score*© is a rating based on a 25 – 100 scale identifying a company's sustainable attributes that have direct economic benefits to the company's financial profile when compared to a market peer group.

The CMP *Green Value Score*© formula is designed such that scores of 25 or above reflect positive risk-reducing attributes on energy use, water use, or pollution reduction features. These features increase profitability, reduce risk, and positively affect brand. Companies scoring above 25 on the CMP *Green Value Score*© have financially tangible attributes that increase value and reduce financial risk.

Companies with a CMP *Green Value Score*© below 25 are not recognized due to the lack of economic value inherent in the company's rating.

For companies with a CMP *Green Value Score*© of 25 or greater, the company is segmented into economic value tiers as follows:

Tier 1 = 76-100
Tier 2 = 51-75
Tier 3 = 25-50

The CMP *Green Value Score*© tiers are based on the conclusion that there is a high degree of confidence that scores from 25-100 increase investment cash flow available and/or reduce financial risk factors where the greater the score, the greater probability of increased cash flow and/or reduced financial risk.

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4.0 ADDITIONAL UNDERWRITING INFORMATION REQUIREMENTS

Primary market underwriters should require the following additional documented information, at minimum, when engaged in underwriting or a valuation exercise for a company:

1. APPROVED SMaRT Sustainable Product Scorecards or equivalent
2. FSC Certification or equivalent for companies only making 100% wood products
3. Renewing Forest Legal Label for companies only making 100% wood products
4. Third-party certification with the Clean Vehicle Standard measuring tailpipe emissions, fuel economy, and materials as used for most hybrid trucks and high mpg hybrid cars, and electric vehicles.

SMaRT, FSC or equivalent, the US Renewing Forest Legal Label and the Clean Vehicle Standard are selected because:

- SMaRT along with LEED and FSC Certified Wood are leadership standards substantially reducing pollution and thus increasing value as determined by the Leadership Standards Campaign led by leading environmental groups, purchasers, companies, and media partners.
- They were determined in the four years of CMP's Wall Street due diligence to have greater economic value and reduce risk making their manufacturers more profitable than their conventional competitor peer groups
- SMaRT as a national consensus standard receives the highest score in an independent evaluation of certifications by the Green Standard, and in review of standards' climate pollution reductions performed for GSA pursuant to the Federal government's Executive Order for Climate pollution / greenhouse gas reductions. E.O. 13514, 74 *Federal Register* 52117, 10/08/09).
- SMaRT achieves all 24 certified Sustainable Product Certification Criteria as developed as part of SMaRT LEED approval, including mandatory life cycle assessment for multiple supply chain environmental impacts.
- SMaRT contains 41 environmental and social single attribute standards, including FSC as a prerequisite which has a mandatory chain of custody, controlled wood standard, and verified legal origin which provides the best defense to Lacey Act strict criminal liability for the sale of illegally logged wood.
- The Renewing Forest Legal Label is the recognized step wise approach to FSC
- The Clean Vehicle Standard covers tailpipe emissions, fuel economy, and materials and is the basis for FedEx, Coke, and Pepsi hybrid truck certifications resulting in cheaper vehicles with 50% savings in fuel, 90% tailpipe emission reductions, and less materials use including toxic materials (*Sustainable Products Training Manual* 2005 & FedEx, EDF & MTS ads).

By parsing the SMaRT® scorecard, FSC and Renewing Forest Legal Certifications and Label, and Clean Vehicle Standard during the underwriting process, it becomes evident that numerous credits and requirements have a direct, positive application to financial underwriting while other credits do not result in direct corporate value. Further information on SMaRT is at the MTS website: http://mts.sustainableproducts.com, FSC at the FSC US website: http://www.fscus.org, Renewing Forests Legal Label at the Responsible Products Procurement website: http://www.rpprogram.org/Details3.aspx, and on the Clean Vehicle Standard is at EDF's Website: http://www.edf.org/page.cfm?tagID=2050.

Brand value points and requirements adding indirect value include recycled content of products, ISO 14001 publicly disclosed targets, among others. These areas provide value indirectly and should be reflected in a company's brand value and market goodwill that impacts an underwriter's judgment on overall revenue potential. Brand value is incorporated into this standard within the Capital Markets Partnership *Green Value Score* (see discussion in Section 8.0).

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The nature of these consensus standards meets the prerequisites for capital markets' use of *Green Value Scores*: legally binding corporate certification, third-party certification and global auditing. Investors should require transparent reporting of the CMP *Green Value Score*© at both the company level and the aggregated retailer, fund or portfolio level.

4.1 IMPLEMENTATION – UNDERWRITING DATA REQUIREMENTS

Implementation of this Standard requires obtaining the additional specific due diligence items outlined in Section 3.0 above. Once these information items are received, they must be appropriately tracked and reported alongside other specific information.

Users of this Standard should track these additional data points by assigning new database fields to capture and store relevant information including:

1. **SMaRT Sustainable Product or Equivalent Score / Rating Year in which SMaRT Certification or equivalent was obtained**
2. **FSC Certification or Equivalent for companies only making 100% wood products and year obtained**
3. **US Renewing Forest Legal Label for companies only making 100% wood products and year obtained**
4. **Clean Vehicle Certification & year**
5. **Sustainable Manufacturing Underwriting Standard Score (see Section 10.3)**
6. **CMP *Green Value Score*©**

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5.0 CONSENSUS STANDARDS – BACKGROUND INFORMATION

Voluntary consensus standards have regulated industry since 1898 when the industry standardized building heating and cooling requirements to prevent exploding boilers. This led to the creation of the American National Standards Institute ("ANSI") in 1918 as the coordinator of the U.S. voluntary standards and conformity assessment system. Standards used range from defining the tensile strength of steel to the hardness of backfill, cement, and concrete among hundreds of other requirements. These standards have become components of municipal building codes, government programs on an extensive basis including over 200 adopted by the Pentagon according to GAO audits, and adopted by the capital markets, retailers and purchasers.

Industry consensus standards are determined by accredited and audited private industry groups and act as a primary facilitator of commerce, becoming the basis of a sound national economy by reducing risk and adding value.[3] Further, consensus standards are typically relied upon by government bodies over government-created standards.[4] The Technology Transfer Act requires federal agency use of consensus standards where consistent with law and practicable. (Pub. L. 104-113 (sec. 12(d), 15 U.S.C. 272 Note (1995)). Capital markets use of consensus standards in financial due diligence and underwriting include the Green Building Underwriting Standards, Phase I Environmental Assessment report ("Phase I") and the Property Condition Assessment report ("PCA").

The financial markets and in particular investors and the risk rating agencies require comprehensive, transparent, technically rigorous market-driven consensus standards such as the Phase I and PCA as a basis for establishing the treatment of material risk-based attributes within the real estate industry, so as to address and reduce investment risks and uncertainties.

Equivalency decisions will be made on a case-by-case basis by the Sustainable Manufacturing Underwriting Standard Committee as a "standard interpretation." The burden of persuasion as to equivalency is on the applicant. The Committee as led by its Officers has sole jurisdiction for the development, approval, amendment, and interpretation of this Standard.

[3] Overview of the U.S. Standardization System – American National Standards Institute
http://publicaa.ansi.org/sites/apdl/Documents/News%20and%20Publications/Other%20Documents/US-Stdzn-System-FINAL.pdf

[4] Seventh Annual Report on Federal Agency Use of Industry Consensus Standards
http://www.whitehouse.gov/omb/inforeg/2003_report_voluntary_consensus.pdf

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6.0 EMERGENCY NATURE OF THE STANDARD

This is an emergency standard due to the confluence of several very important global economic issues including:

1) **Financial market credit crisis and resulting recession**
2) **Erosion of confidence in financial underwriting standards**
3) **Substantial economic threat of uncontrolled greenwash** to companies certifying to leadership standards. Greenwash is unlawful in violation of federal, state, and local truth in advertising law, and unlike any other field of law, the government has won or settled all actions brought *(Sustainable Products Training Manual*, MTS 2000-2005, Chapter 11, Legal Requirements & Enforcement). However there has been little enforcement for the past 10 years. Greenwash is any false, deceptive, or misleading environmental communication or standard. In a CMP review of leading magazines in the green building market with the California Attorney General and FTC attorneys, about 70% of the ads were greenwash (2008). Greenwash is a fraud on the public because the public does not have the data to determine if the greenwash claims are true or not misleading.
4) **Long-term rising conventional energy costs** based on globally validated data by leading energy investment banks and associated pervasive economic impacts as documented in CMP's peer reviewed Wall Street due diligence released at the NYSE (*Capital Markets Briefing Paper: Business Case for Commercializing Sustainable Investment* including background documents such as the *Green Building Industry Value Rating System* & national consensus *Climate Neutral Building Standard*).
5) **Rapidly increasing economic damages from imminent irreversible unmanageable dangerous climate change**, from climate impacts, litigation, and adaptation expenditures. The Second Circuit Court of Appeals held US utilities liable for climate change pollution in large part based on Irreversibility, *Connecticut v. AEP* (at 8, No. 05-0514, 2d Cir. Sept. 21. 2009, rehearing denied May 2010, certiorari granted by U.S. Supreme Court, Dec. 6, 2010). Irreversibility is well documented including CMP's Wall Street due diligence in the *Capital Markets Briefing Paper* and peer reviewed background document *Creating an Economic an Economic Stimulus & Stopping Climate Credit Risk* and Updates. See also *Reducing Abrupt Climate Change Risk* at 1, Proced. National Academy of Sciences, Aug. 31, 2009, Molina et al., and *Storms of Our Grandchildren* (Hansen 2009).
6) **Global manufacturing shift to emerging markets like China and India with greater challenges in pollution reductions and social equity**. This Standard and sustainable manufacturing and leadership certified sustainable products cover those markets through global product certification and auditing, and mandatory life cycle assessment controlling supplier pollution on a multi attribute basis. Even with climate pollution reductions from the global recession, the enormous growth of this manufacturing shift threatens the ability to effectively deal with Imminent Irreversible Unmanageable Dangerous Climate Change.

Large scale adoption of the Standard can substantially mitigate adverse effects of these issues due to the recognition of risk reduction aspects of sustainable manufacturing, specifically:

1. **Increased Investor Confidence**
   - Higher value
   - Reduced risk (see Section 7.0)
   - Improved investor confidence
   - Improved goodwill due to social benefits of certified sustainable products and clean vehicles to leadership standards

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- Increased liquidity

2. Energy Efficiency and Renewable Green-e Power

- Reduced conventional energy consumption and associated expense reduction
- Reduced peak-load conventional energy pricing
- Reduced grid reliance
- Hedge against increased economic constraints of carbon (e.g. Litigation damages for climate pollution, ongoing government regulation of climate pollution, *Carbon Principles and economic stigma of coal fired power plants including strong local government opposition curtailing the construction of hundreds of new coal fired power plants to meet increasing demand*)
- Reduced exposure to substantial long term conventional energy price volatility
- Improved energy security

3. Climate Change and Climate Credit Risk/Damage Reduction

- Carbon footprint reduction
- Efficiency cost savings
- Insurance availability and continuing coverage
- Brand and reputation risk from climate pollution

A relevant Capital Markets Partnership report further addressing these issues is *"Creating an Economic Stimulus and Stopping Climate Credit Risk / Irreversibility."* This document is available through ANSI at the following link:

http://webstore.ansi.org/RecordDetail.aspx?sku=MTS+2008%3a1

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7.0 RISK REDUCTION

Sustainable manufacturing techniques are synonymous with best management practices. These practices serve to enhance corporate and retailer value and reduce investment risk on a number of fronts. Corporate valuation is a combination of 1) cash flow, 2) timing and quality of that cash flow, and 3) the risks inherent to receiving that cash flow. Sustainable manufacturing positively affects all three metrics.

Investment standards that incorporate sustainable manufacturing features inform investors on evolving best practices regarding investment enhancements and risk reduction measures. Critical market pressures that have accelerated a rapidly growing sustainable manufacturing market include rising conventional energy costs, increased operating costs, customer preferences swaying in favor of leadership sustainable products, and the imperative to stop climate pollution. The resultant market shift has been to enhance the value of some companies and detract from the value of others.

Risk can be viewed as both an absolute reduction in risk exposure as well as the opportunity to achieve enhanced cash flow with one set of attributes as compared to a company without those same attributes. Relative risk-based measures attributed to sustainable manufacturing can be broken into categories as follows:

1. **Revenue and Overall Cash Flow**
   - Increased product desirability relative to market
   - Increased ability to achieve greater sales relative to market
   - Increased ability to improve profits relative to market
   - Increased length of time a company can maintain a competitive advantage market position
   - Minimized risk probability of lost sales
2. **Growth and Ongoing Cost Containment**
   - Decreased obsolescence risk relative to market
   - Competitive stance over time
   - Repeat customer probability, downtime costs, and additional costs of finding new customers and developing new products
   - Exposure to future facility and/or operational retrofit costs
3. **Company Operating Expense Efficiency and Cost Escalation Containment**
   - Comprehensive operating procedures and operational checks via product design, innovation based on life cycle assessment
   - Utility cost reduction strategies and efficiencies through design and technology
   - Efficient systems that reduce financial exposure to utility cost escalation / price volatility from conventional energy
   - Reduction in facility processes and building HVAC / lighting system maintenance and repair
   - Manufacturing longevity through ongoing sustainable manufacturing design for environment, and resulting product and process efficiency and preventative maintenance
   - Ability to qualify for insurance discounts
4. **Depreciation and Obsolescence**
   - Company competitiveness in macro/micro markets at future sale date
   - Cap rate bonus / discount application at sale
   - Positive value adjustments vs. market during underwriting
   - Cost segregation analysis and associated tax advantages
5. **Risk Profile**
   - Reduced liability and business interruption exposure associated with less pollution
   - Lower default bankruptcy risk stemming from increased revenue potential, reduced operating expenses, exposure to energy price volatility, and base risk exposure from pollution

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- Reduced financial exposure to climate change regulation impacts

6. Overall Factor Analysis

- Corresponding adjustments to the discount rate and terminal capitalization rate for sustainable manufacturing when compared to conventional products and manufacturing and retailing

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8.0 BRAND AND MARKET GOODWILL

Certain sustainable manufacturing attributes do not fall into any clear Proforma Revenue or Expense categories yet can positively impact market goodwill and brand value. Numerous attributes have been included in consensus leadership certified sustainable product standards based on their market value stemming from providing social and/or environmental macro benefits.

This added value may be factored in during consideration of intangible factors as it pertains to market goodwill, longevity of a higher rating market classification, and/or obsolescence. [5]

Value ascribed to these features is accounted for through the Brand Score for SMaRT or equivalent and calculated by multiplying 5.4 times each SMaRT Credit achieved in the Sustainable Manufacturing Underwriting Score. This 5.4 multiplication factor is derived from the total 54 SMaRT or equivalent points available that add economic value, divided by 10.

The Brand Score for The Clean Vehicle Standard is for vehicle manufacturers only, and is 10 points for achieving Clean Vehicle Standard Certification.

Brand is calculated this way as a measure of the total number of sustainable manufacturing credits achieved that add to economic value as documented in Annex 1.

[5] *Enhancing Brand Value Through Corporate Social Responsibility*, Lippincott Mercer 2006

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9.0 CMP GREEN VALUE SCORE© SCORING SYSTEM

The Capital Markets Partnership *Green Value Score*© ("CMP *Green Value Score*©") is a score ranging from 25 to 100. This score rates a company on its overall achievement of aspects relating to energy/water efficiency and associated operating costs, pollution / liability reductions, and positive intangible factors.

The rating is intended to provide additional transparent insight into investment risks and risk mitigation strategies particularly important to investment fiduciaries.

This Score is intended for use by all corporate financial and capital market participants in:

- **Corporate financial resource allocations**
- **Underwriting**
- **Loan and investment decision-making**
- **Acquisition and mergers**
- **Rating agency and industry analyst reporting**
- **Higher rating calculations**
- **Cheaper cost of capital determinations**
- **Investment fund decisions including sustainability screens**
- **Equity and debt investment decisions**
- **SEC, corporate, and investors environmental and climate pollution disclosures**
- **Securitization data dissemination for rating agency rating and securitization information reporting**
- **Green Convertible Securities meeting FTC Environmental Marketing Guides requirements for accurate and nondeceptive environmental labels prepared by qualified professionals**
- **Other financial determinations where sustainable product / pollution reduction impacts can have a material effect on value**

The CMP *Green Value Score*© is derived using a formula that reflects a company's aggregate leadership certified sustainable product scores, Clean Vehicle Standard Certification, and Sustainable Manufacturing Underwriting Standard Score pursuant to this Standard.

Suggested implementation includes assigning several database fields to capture and store relevant information. These data points are identified in Section 4.1 titled "Implementation – Underwriting Data Requirements".

9.1 VALIDATION REQUIREMENT

A CMP *Green Value Score*© must be validated by an accredited environmental professional or SMaRT Accredited Professional due to:

- The environmental complexity of leadership certified sustainable product and Clean Vehicle Standard Certifications including a working knowledge of life cycle assessment (LCA)
- A SMaRT or equivalent standard, Clean Vehicle Standard, and Sustainable Manufacturing Underwriting Standard Score require analysis determining that companies achieve the attributes providing documented increased economic value.

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The professional must certify in writing with their name, signature, and affiliation, that their calculations and resulting CMP *Green Value Score*© pursuant to this Standard and applicable sections, comply with the Federal Trade Commission Environmental Marketing Guides at 16 C.F.R. Part 260 for accurate, reliable, and documented communications.[6]

This certification must also state that "both the express and implied meaning of the certification about the data, responses to information, and provisions of the Standard, are reasonable and based on competent and reliable scientific evidence prepared by qualified professionals in the relevant area, using procedures to produce accurate and reliable results." See 16 C.F.R. § 260.5.

The certification and its documentation must be publicly available. An equivalent certification allowed is an express warranty.

9.2 CMP *GREEN VALUE SCORE*© CALCULATION – OVERVIEW

The CMP *Green Value Score*© is based on a scoring matrix which is both thorough and easy to implement.

The CMP *Green Value Score*© matrix generates a numeric score ranging from 25 to 100 comprised of a compilation of a company's aggregate leadership SMaRT certified sustainable product certifications point totals, and FSC Certification and US Renewing Forest Legal Label for companies only making 100% wood, Clean Vehicle Standard certifications, and performance on the Sustainable Manufacturing Underwriting Standard score for SMaRT or equivalent.

Underwriters input the appropriate score. The CMP *Green Value Score*© can then be used in underwriting decision making and reported to investors along with other relevant corporate information.

IMPORTANT NOTE:
For SMaRT or equivalent, two sections produce numerical scores from 25-100. These sections are highlighted with **red boxes** in the CMP *Green Value Score*© diagram below:

1. Performance on the Sustainable Manufacturing Underwriting Standard Score
2. Brand: Total SMaRT Certified Sustainable Product Standard Points or equivalent achieved and Clean Vehicle Standard Certification

For example, under Brand Score, the Score for SMaRT or equivalent is calculated by multiplying 0.57 times each SMaRT Credit achieved in the Sustainable Manufacturing Underwriting Score. This 0.57 multiplication factor is derived from the total 54 SMaRT or equivalent points available that add economic value, divided by 100.

The Brand Score for The Clean Vehicle Standard is for vehicle manufacturers only, and is 10 points for achieving Clean Vehicle Standard Certification.

Only 10 points maximum can be awarded for Brand Score, whereas, 90 points maximum can be awarded for the Sustainable Manufacturing Underwriting Standard Score. Specific examples of how to derive the CMP *Green Value Score*© are contained in Section 9.5.

[6] http://www.ftc.gov/bcp/grnrule/guides980427.htm

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The CMP *Green Value Score*© formula is as follows:

CMP *GREEN VALUE SCORE*© MATRIX	Points	Score
Sustainable Manufacturing Underwriting Standard Score **90** Pts. Max.		
Brand Score from SMaRT or Equivalent **10** Pts. Max. The Brand Score for SMaRT or equivalent is calculated by multiplying 0.57 times each SMaRT Credit achieved in the Sustainable Manufacturing Underwriting Score. This 0.57 multiplication factor is derived from the total 57 SMaRT or equivalent points available that add economic value, divided by 100.		
The Brand Score for The Clean Vehicle Standard is for vehicle manufacturers only, and is 10 points for achieving Clean Vehicle Standard Certification. **Clean Vehicle Standard Certification**	**10**	
The minimum requirement for a company achieving a Green Value Score is to have at least three product lines certified to SMaRT, FSC, US Renewing Label, Clean Vehicle Standard or equivalent. Further, cumulative bonus points are awarded for companies achieving these certifications for: at least 25% of all products made - 10 points 26% - 50% 15 points 51% - 75% - 20 points 76% - 100% - 25 points		
Bonus Points for Additional Certified Lines		
CMP *GREEN VALUE SCORE*©		

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FOR 100% WOOD or PAPER MANUFACTURERS and RETAILERS

	Points	Score
US Renewing Forest Legal Label	**25**	
FSC Recycled or equivalent	**35**	
FSC Mixed & Recycled or equivalent	**45**	
FSC Mixed & Controlled Wood or equivalent	**55**	
FSC Mixed, Controlled Wood & Recycled or equivalent	**65**	
FSC Pure or equivalent	**75**	
At least 25% of all products made are FSC Certified	**10**	
26-75% of all products made are FSC Certified	**15**	
76-100% of all products made are FSC Certified	**20**	
15% Minimum Required Mixed & Recycled Content. >50% =	**15**	
CMP GREEN VALUE SCORE		

Number of Leadership Sustainable Product Certifications Required. At least three certifications are required or certifications for at least 20% of all products made in order for a company to be awarded a *Green Value Score.*

Bonus points are awarded for companies achieving certifications for minimum percentages of all products made:

- at least 25% of all products made - 10 points
- 26% - 75% - 15 points
- 76 - 100% - 20 points

9.3 DISCUSSION – CMP *GREEN VALUE SCORE©*: UNDERWRITING & BRAND VALUE SCORES

Elements of the CMP *Green Value Score©* in the first chart above are Underwriting Standard Score and Brand Value. The Underwriting Standard Score is determined by placing principal focus on areas of financial value and risk reduction, particularly conventional energy prices and the impact on a company's current/future operating costs and competitiveness.

These direct tangible financial metrics are transparently identified by specific underwriting attributes achieved like conventional energy and other pollution reductions, reduced water use and other

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operating reductions at the manufacturer's and supplier's facilities, and reuse, all having positive tangible impact on a company's ongoing revenue generation capability and operating cost profile.

The Brand Score is achieved by any combination of 1) the company's total SMaRT or equivalent Point Total, and 2) Clean Vehicle Standard Certification. The initial growth of green buildings and certified sustainable products was all attributed to increased brand value. About 40% of share value is brand with a substantial portion of this attributed to sustainability (*Enhancing Brand Value Through Corporate Social Responsibility*, Lippincott Mercer 2006).

This brand value stems from the recognition placed on third-party SMaRT® certification by purchasers / specifiers. Companies achieving SMaRT® or equivalent certification gain significant positive value stemming from media coverage and public relations opportunities including the Leadership Standards Campaign with NPR's *Marketplace*, and/or other measures of market goodwill.

In addition, there is imbedded value in the environmental aspects contained within SMaRT® or equivalent that are not specifically called to attention as 'tangible' value. Over its history, the US Green Building Council and its LEED® Rating System and EPA ENERGY STAR have had a transformative effect on both the real estate industry and the industries that service the industry and LEED US and Canada's FSC and SMaRT Credits. This impact happens through market-based "ripple effects" that result in numerous industries improving their environmental performance. Product examples include leading certifications in the furniture, flooring, electrical, consumer products, wood, and home furnishings industries.

While difficult to measure and incorporate this brand value at the company level, it is clear this value exists and must be recognized including both the marketing and public relations benefits accruing to a company as it climbs the SMaRT®, FSC, or equivalent rating scale, and the improved environmental aspects imbedded at increasingly higher certification levels.

9.4 CMP *GREEN VALUE SCORE*© TRACKING OVER TIME

An important aspect of this Standard is to collect, use, and report relevant company data thereby allowing the capital markets to assess risk and develop more appropriate risk-adjusted investment decisions. Measuring, tracking, and reporting relevant financially-tangible data allows for better process management, analysis, and risk management at both the company and investor (securitization and security investment) levels within the capital markets.

Deriving a CMP *Green Value Score*© as a benchmark assessment, then reporting this Score to broader market actors is the paramount objective of this Standard. Gathering relevant, financially tangible information that is third-party validated then transparently reporting these data allow financial market mechanisms to determine risk-adjusted value over time.

It is important to emphasize that during the early adoption phase, seemingly low scores are acceptable – any CMP *Green Value Score* that achieves Tier 3 status [CMP *Green Value Score* => 25] demonstrates financially tangible risk reduction. This risk reduction increases as companies move up to Tier 2 or Tier 1.

This Standard purposefully does not make suggestions or assertions as to how financial markets will interpret the CMP *Green Value Score*©. It is recognized that many companies have achieved leadership third-party certifications and are taking advantage of the short-term and long-term business opportunities presented by incorporating these best practices into their operations.

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FIRST IMPLEMENTATION STEPS

Financial institutions should request a SMaRT or equivalent credits achieved adding economic value which are listed in Section 10 of this Standard. These credits can be obtained from the certified SMaRT or equivalent scorecards if applicable, and FSC certificates, US Renewing Wood Label, and Clean Vehicle Standard Certifications if applicable. The SMaRT Scorecard is below.

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SMaRT©

MTS

Sustainable Materials Rating Technology©

SMaRT© Consensus Sustainable Product Standard© Scorecard

Yes	?	No		Safe for Public Health & Environment (PHE)	34 Points
1			PHE 1-1	Feedstock Inventory Documentation	Required 1
1			PHE 1-2	Input Stockholm Chemicals	Required 1
1			PHE 1-3	Output Stockholm Chemicals	Required 1
			PHE 2-1	Inventory Human and Ecological Health Chemical Emissions	2
			PHE 2-2	Inventory Air, Water & Waste Pollutants	2
			PHE 2-4	Reductions Beyond Compliance	8
			PHE 3-1	10-25% Reduction in Toxic Chemicals & Media Pollutants	2
			PHE 3-2	Minimize Indoor Air VOCs	1
			PHE 3-3	Minimize Indoor Carcinogenic VOCs	1
			PHE 3-4	Green Cleaning Procedures	1
			PHE 3-5	Green Primary Installation Materials	2
			PHE 4-1	26-50% Reduction in Toxic Chemicals & Media Pollutants	2
			PHE 4-2	Minimize Indoor Formaldehyde Emissions	1
			PHE 4-3	No PBDE Flame Retardants in Textile Product	1
			PHE 5-1	51-75% Reduction in Toxic Chemicals & Media Pollutants	2
			PHE 5-2	Supply Chain Inventory and Limit on Stockholm Chemicals	3
			PHE 6-1	No or De Minimis Toxic Chemicals & Media Pollutants	3

Yes	?	No		Renewable Energy & Energy Reduction (RE&ER)	42 Points
				Manufacturing Facility Only:	
1			RE&ER 1-1	Energy Inventory	Required 1
			RE&ER 2-1	1% Renewable Energy or 0.2-0.5% Energy Reduction from Inventory Baseline*	2
			RE&ER 2-2	Cleaner & Greener Certification Level 2	1
			RE&ER 3-1	2% Renewable Energy or 0.5-1% Energy Reduction	2
			RE&ER 3-2	5% Renewable Energy or 1.1-2% Energy Reduction	2
			RE&ER 3-3	8% Renewable Energy or 2.1-4% Energy Reduction	2
			RE&ER 3-4	Certification of Climate Change Emission Reductions	1
			RE&ER 4-1	11% Renewable Energy or 5-7% Energy Reduction	2
			RE&ER 4-2	15% Renewable Energy or 8-20% Energy Reduction	2
			RE&ER 4-3	20% Renewable Energy or 21-30% Energy Reduction	2
			RE&ER 5-1	26% Renewable Energy or 31-40% Energy Reduction	2
			RE&ER 5-2	35% Renewable Energy or 41-50% Energy Reduction	2
			RE&ER 5-3	50% or More Renewable Energy or 51-100% Energy Reduction	4
				Upstream Stages:	
			RE&ER 5-5	1-9% Renewable Energy or 0.5-7% Energy Reduction	3
			RE&ER 5-6	10-18% Renewable Energy or 8-20% Energy Reduction	2
			RE&ER 6-1	19-27% Renewable Energy or 21-40% Energy Reduction	2
			RE&ER 6-2	28-35% Renewable Energy or 41-100% Energy Reduction	4
			RE&ER 7-1	Energy Pollution Reduction 1%: 3	2%: 6

* For all Renewable Energy & Energy Efficiency (RE) percentages: Future energy reductions as measured by total energy reduced per square yard of product or over an entire facility involved in making the certified product. Point totals are additive for all percentages above 1%.

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Yes	?	No	Biobased or Recycled (MATLS)			30 Points
2			MATLS 1-1	Inventory Biobased and Recycled Content Materials		Required 2
			MATLS 2-1	5% biobased, recycled content, or EPP material		1
			MATLS 2-2	10% biobased, recycled content, or EPP material		1
			MATLS 2-3	15% biobased, recycled content, or EPP material		1
			MATLS 2-4	20% biobased, recycled content, or EPP material		1
			MATLS 3-1	25% biobased, recycled content, or EPP material		1
			MATLS 3-2	30% biobased, recycled content, or EPP material		1
			MATLS 3-3	35% biobased, recycled content, or EPP material		1
			MATLS 3-4	40% biobased, recycled content, or EPP material		1
			MATLS 4-2	45% biobased or recycled content		1
			MATLS 4-3	50% biobased or recycled content		2
			MATLS 4-4	60% biobased or recycled content	Recycled: 3	Biobased* 4
			MATLS 5-2	70% biobased or recycled content		2
			MATLS 5-3	75% biobased or recycled content	Recycled: 2	Biobased* 3
			MATLS 5-4	80% biobased or recycled content	Recycled: 3	Biobased:*4
			MATLS 6-2	88% biobased or recycled content		2
			MATLS 6-3	91% biobased or recycled content	Recycled: 2	Biobased:*4
			MATLS 6-4	94% biobased or recycled content	Recycled: 3	Biobased*4
			MATLS 6-5	97% biobased or recycled content	Recycled: 4	Biobased* 5

Recycled content can include percent water use reductions. *Organic biobased with EPA/Purdue University best management practices. All wood must be FSC Certified or Renewing Forest Label stepwise approach to FSC.

Yes	?	No	Facility or Company Based (MFG)		18 Points
1			MFG 1-1	EMS Environmental Policy & Targets	Required 1
1			MFG 1-2	Social Indicator Reporting for Manufacturer	Required 1
4			MFG 2-2	LCA Process	Required 4
			MFG 2-1	Social Indicator Reporting for Suppliers	1
			MFG 3-1	Transparent Secondary Materials Reclamation System	1
			MFG 3-2	Transparent Materials Reclamation System	2
			MFG 3-3	Transparent Repurpose Materials Reclamation System	2
			MFG 4-1	Identify Adopted Design for Environment Process	2
			MFG 5-1	Environmental Management System Certification	2
			MFG 6-1	Sustainable/EPP Product Transaction Disclosures	2

Yes	?	No	Reclamation, Sustainable Reuse, & End of Life Management (EOL)		23 points
1			EOL 1-1	Operational Reclamation and or Sustainable Reuse Programs	Required 1
1			EOL 1-2	Performance Durability	Required 1
			EOL 2-1	Extended Product Life of System	2
			EOL 2-2 -- 2-4	1-6% Product Reclamation and/or Reuse [1 pt every 2%]	3
			EOL 3-1 -- 3-3	7-12% Product Reclamation and/or Reuse [1 pt every 2%]	3
			EOL 4-1 -- 4-4	13- 20% Product Reclamation and/or Reuse [1 pt every 2%]	4
			EOL 5-1 -- 5-5	21- 30% Product Reclamation and/or Reuse [1 pt every 2%]	5
			EOL 6-1 -- 6-4	30% or More Product Reclamation and/or Reuse[1 pt for 2% until 38%]	4

Yes	?	No	Innovation in Manufacturing (IM)		15 Points
			IM - 1-1	EOL 6-5 -- 6-11 (2pts for 10% more Product Reclamation [39-100%])	14
			IM - 1-2	Dematerialization (less material by % weight)	5
			[For IM 1-1 through IM 1-2: 15 Points Maximum]		

Yes	?	No			
10			Subtotal Required Credits		Required 14
			Product Total		162 Points Maximum

SMaRT Certified Achievement - Sustainable 28-40 pts, **Silver** 41-60 pts, **Gold** 61-89 pts, **Platinum** 90-162

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9.5 CMP *GREEN VALUE SCORE*© SCORING EXAMPLES

Example I

A Sustainable Manufacturing Underwriting Standard score of 74 is achieved from conventional energy and other pollution reductions (see Section 11.3 for scoring methodology), a brand score from SMaRT of 16.2 from 30 total credits achieved times 0.54, and a Clean Vehicle Certification provides 10 points, and a brand score 10. Since 10 points maximum is allowed for the Brand Score, the Brand Score achieved is 10. The company's CMP Green Value Score© equals 84 calculated as follows:

CMP *GREEN VALUE SCORE*© MATRIX	Points	Score
Sustainable Manufacturing Underwriting Standard Score **90** Pts. Max.	**74**	**74**
Brand Score from SMaRT or Equivalent **10** Pts. Max. The Brand Score for SMaRT or equivalent is calculated by multiplying 0.57 times each SMaRT Credit achieved in the Sustainable Manufacturing Underwriting Score. This 0.57 multiplication factor is derived from the total 57 SMaRT or equivalent points available that add economic value, divided by 100.	**16.2**	
The Brand Score for The Clean Vehicle Standard is for vehicle manufacturers only, and is 10 points for achieving Clean Vehicle Standard Certification. **Clean Vehicle Standard Certification**	**10**	
The minimum requirement for a company achieving a Green Value Score is to have at least three product lines certified to SMaRT, FSC, US Renewing Label, Clean Vehicle Standard or equivalent. Further, cumulative bonus points are awarded for companies achieving these certifications for: at least 25% of all products made - 10 points 26% - 50% 15 points 51% - 75% - 20 points 76% - 100% - 25 points		
Bonus Points for Additional Certified Lines		
CMP *GREEN VALUE SCORE*©		**84**

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Example II

A Sustainable Manufacturing Underwriting Standard score of 9 is achieved and reported from these credits:

- LCA inventory pollution reduction of 10% in totals of toxic chemicals and media pollutants 1 point
- Minimize Indoor Air VOCs Including Carcinogens 1 point
- Minimize Formaldehyde & No PBDE (PHE 4-3) 1 point
- Energy Inventory (RE&ER 1-1) 1 point
- Renewable energy 4% (RE&ER 2-2) 1 point
- FSC Certified Wood (MATLS 6-3) 1 point
- Social Equity (MFG1-2 &2-1) 1 point
- LCA Process ((MFG 2-2) 1 point
- Adopt DfE Process (MFG 4-1) 1 point

There are 9 SMaRT Credits achieved, thus, the Brand Score is 0.57 times 9 equaling 5. It is not Clean Vehicle Standard certified. Thus the company's total *Green Value Score*© is 9 plus 5 totaling 14 calculated in the following table.

Accordingly, since this *Green Value Score* is less than the 25 minimum cutoff level, no *Green Value Score* can be reported since *Green Value Scores* of 25 and higher have a high probability of increasing value and reducing risk based on substantial leadership consensus standardization and Wall Street due diligence concluding that sustainable investment is more profitable, less risky, and preferred by investors.

CMP *GREEN VALUE SCORE*© MATRIX	**Points**	**Score**
Sustainable Manufacturing Underwriting Standard Score **90** Pts. Max.	**9**	**9**
Brand Score from SMaRT or Equivalent **10** Pts. Max.	**5**	**5**
The Brand Score for SMaRT or equivalent is calculated by multiplying 0.57 times each SMaRT Credit achieved in the Sustainable Manufacturing Underwriting Score. This 0.57 multiplication factor is derived from the total 57 SMaRT or equivalent points available that add economic value, divided by 100.		
The Brand Score for The Clean Vehicle Standard is for vehicle manufacturers only, and is 10 points for achieving Clean Vehicle Standard Certification. **Clean Vehicle Standard Certification**		
The minimum requirement for a company achieving a Green Value Score is to have at least three product lines certified to SMaRT, FSC, US Renewing Label, Clean Vehicle Standard or equivalent. Further, cumulative bonus points are awarded for companies achieving these certifications for: at least 25% of all products made - 10 points 26% - 50% 15 points 51% - 75% - 20 points 76% - 100% - 25 points		
Bonus Points for Additional Certified Lines		
CMP *GREEN VALUE SCORE*© **NON-REPORTABLE SCORE BELOW 25**		**15**

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10.0 SUSTAINABLE MANUFACTURING UNDERWRITING STANDARD SCORING METHODOLOGY

The Sustainable Manufacturing Underwriting Standard focuses attention on the SMaRT® or equivalent scorecard and the achievement of critical SMaRT® points exhibiting tangible financial value summarized in Annex 1 of this Standard which are directly applicable to a company's current and future revenue and/or expense financial results.

The calculation methodology is simple for professionals, underwriters, and financial decision makers to understand and implement. The Sustainable Manufacturing Underwriting Standard Score is calculated via the following steps:

STEP 1 Examine the SMaRT® or equivalent scorecard to determine if the SMaRT® point was achieved from the list below of total SMaRT Underwriting Credits available. Identify credits that have been achieved on three or more product lines certified. For the bonus credits for at least 25% (10 pts.), 26%-75%, (15 pts.) 76%-100% (20 pts.) of product lines certified, the credits must have been achieved on all of the product lines within each percentage bonus category.

STEP 2 Assign the Points from each SMaRT® credit achieved as detailed in the tables below.

STEP 3 Total the column to derive the Sustainable Manufacturing Underwriting Standard Score.

STEP 1

Calculation Methodology – Sustainable Manufacturing Underwriting Standard Score **STEP 2**

SMaRT or equivalent Aggregated Average Point Totals

NOTE: Sorted by SMaRT Category Safe for Public Health & Environment	POINTS	SCORE
Feedstock Inventory (PHE 1-1)	0.5	
Prohibited Input Toxic Stockholm Treaty Chemicals (PHE 1-2)	0.5	
Prohibited Output Stockholm Treaty Chemicals (PHE 1-3)	0.5	
Inventory Human & Ecological Health Chemical Emissions (PHE 2-1)	0.5	
Inventory Air, Waste & Water Pollutants (PHE 2-2)	0.5	
Past Reductions Beyond Compliance (PHE 2-4)	0.5	
10-25% Reductions in Toxic & Media Pollutants (PHE 3-1)	1	
Minimize Indoor Air VOCs (PHE 3-2)	0.5	
Minimize Carcinogenic VOCs (PHE 3-3)	0.5	
Green Cleaning & Primary Installation Materials (PHE 3-3 & 4)	0.5	
26-50% Reductions in Toxic & Media Pollutants (PHE 4-1)	3	
Minimize Formaldehyde (PHE 4-2)	0.5	
No PDE (PHE 4-3)	0.5	
51-75% Reductions in Toxic & Media Pollutants (PHE 5-1)	4	
Supply Chain Inventory & Limit on Stockholm Chemicals (PHE 5-2)	1	
No or De Minimis Toxic Chemicals & Media Pollutants (PHE 6-1)	5	
TOTAL POINTS		

STEP 3

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NOTE: Points achieved for percent pollutant reductions are PHE 3-1, 4-1, 5-1, & 6-1. These totals are cumulative. Thus if PHE 6-1 is achieved, a total of 13 points are awarded.

STEP 1 STEP 2

NOTE: Sorted by SMaRT Category Biobased or Recycled Materials	POINTS	SCORE
Wood		
FSC Certified Wood (MATLS 6-3)	1	
Inventory		
Inventory Biobased & Recycled Content Materials (MATLS 1-1)	0.5	
Percent Recycle Content & EPP Material		
5-40% Biobased, Recycled Content , Water reuse, or EPP Material (MATLS 2-1 to 3-4)	0.5	
45-59% Biobased, Recycled Content (MATLS 4-2 to 6-5)	0.5	
Organic & Best Management Practices (BMPs)		
45-60% Organic & BMPS (MATLS 4-2 &3)	1	
61-79% Organic & BMPs (MATLS 4-2 to 5-3)	1	
80% or more Organic Biobased & BMPs (MATLS 5-4 to 6-5)	1	
TOTAL POINTS		

STEP 3

STEP 1 STEP 2

NOTE: Sorted by SMaRT Category Efficiency/Renewable Energy	POINTS	SCORE
Manufacturing Facility Only		
Energy Inventory (RE&ER 1-1)	1	
1-10% Renewable Energy or 0.2-4% Energy Reduction (REER 2-2 3-3)	1	
11-25% RE or 5-30% ER (RE&ER 4-1 4-2)	2	
26-49% RE or 31-50% ER (RE&ER 5-1 to 5-3)	5	
50% or higher RE or 51% or higher ER (RE&ER 5-3)	5	
Upstream Stages		
1-18% RE or 0.5-20% ER (RE&ER 5-5 & 5-6)	1	
19-35% RE or 21-40% ER (RE&ER 6-1 & 6-2)	5	
36% or more RE or 41% or more ER (RE&ER 6-2)	5	
Concrete & Cement		
1-2% Energy Pollution Reduction from Cleaner Fuels (RE&ER 7-1)	1	
TOTAL POINTS		

STEP 3

NOTE: Points achieved for percent green power and conventional energy reductions are RE&ER PHE 2-2, 3-3, 4-1, 4-2, 5-1 to 5-3, & 6-1. These totals are cumulative. Thus if RE&ER 5-3 is achieved, a total of 13 points are awarded.

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STEP 1 STEP 2

Calculation Methodology – Sustainable Manufacturing Underwriting Standard Score SMaRT or equivalent Aggregated Average Point Totals				
NOTE: Sorted by SMaRT Category Social Equity, Facility & Company & Reuse		POINTS		SCORE
Social Equity Social Equity Indicator Reporting (MFG 1-2 & 2-1)		1		
Life Cycle Assessment ISO Compliant LCA Process (MFG 2-2)		1		
Design for Environment Adopt DfE Process (MFG 4-1)		1		
Sustainable/EPP Product Transactions (MFG 6-1)		1		
Reuse Performance Durability & Extended Product Life (EOL 1-2 & 2-1)		0.5		
1-20% (EOL 2-2 to 4-4)		1		
21-50% Reuse (EOL 5-1 to 6-4)		1		
51-100% Reuse (IM 1-1)		1		
Dematerialization (IM 1-2)		1		
Green Building Underwriting *Green Value Scores* for Buildings Owned or Leased	3 or more buildings	0.5		
	15-40% of buildings	1		
	41% - 60% buildings	1		
	61% - 100%	1		
TOTAL POINTS				

STEP 3

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10.1 DISCUSSION OF POINTS ASSIGNED UNDERWRITING SCORE CREDITS

The points assigned for each credit within the Sustainable Manufacturing Underwriting Standard scoring system are based on their overall financial / risk reduction value to the company's financial performance.

Five attributes – Energy Efficiency, Renewable Power, FSC Certified Wood, Organic Products with BMPs, and 50-100% reduction in 1300 toxic & media pollutants – are assigned the highest points. This higher weighting is due to the strong financial value of these green attributes.

Energy Efficiency – Energy is one of the largest expense items within an company's operating profile. Energy efficiency affects the company's current financial profile as well as impacting future operating risk profile and market competitiveness given its exposure to energy price volatility.

Renewable Power – Green-e onsite energy generation capability can reduce the company's peak load profile used to determine the overall utility rate, lowers the company's overall grid-based energy use, and reduces risk exposure to future conventional energy price increases, volatility, and climate risk.

FSC Certified Wood – Company's using FSC Certified Wood receive LEED credit and are eligible for SMaRT certification. Moreover, they are limiting strict criminal liability for selling illegally logged wood that can not only result in jail time but also destroy their brand and reputation. FSC's mandatory chain of custody and controlled wood standard are the best approach to stop deforestation and illegal logging which causes about 20% of climate change according to the Global Canopy Programme of 80 universities including Oxford. SMaRT requires FSC, and manufacturers that only make 100% wood products can receive a separate *Green Value Score* based on the level of FSC Certification received or a Renewing Forest Legal Label.

Organic Products & EPA / Purdue University Best Management Standards – These certified sustainable products at very high organic levels come as close as possible to truly sustainable products because they eliminate the most pollution including climate pollution over the life cycle including: pesticides, fertilizers, genetically modified organisms, antibiotics, hormones, highly toxic manure from antibiotic feed, endocrine disruptors and other added chemicals. Organic products command premium prices and are easy to grow now due to substantially increased professional agriculture organic expertise based on a 20% / year organic product growth rate for the last 20 years (Organic Trade Association).

Toxic & Media Pollutant Reductions from 50-100% – These 1300 pollutants including the top 100 climate change pollutants, are regulated by government and thus in addition to liability and risk reduction, substantial efficiencies are obtained by pollution reductions that exempt companies from regulation.

The remaining green attributes / credits are assigned Point levels in accordance to their relative impact on financial value and risk.

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10.2 SUSTAINABLE MANUFACTURING UNDERWRITING STANDARD – RATIONAL FOR ASSIGNING POINT TOTALS

Based on the company sustainable attributes of its products, these criteria are identified and summarized as to its value impact. Each SMaRT® or equivalent criterion identified has a description of underwriting impact. The description is followed by the graphic below denoting a range of impact on value. **Negative** impacts on value are depicted in **red**, **minimal/neutral** value impacts in **black**, and **positive** value impacts in **blue**.

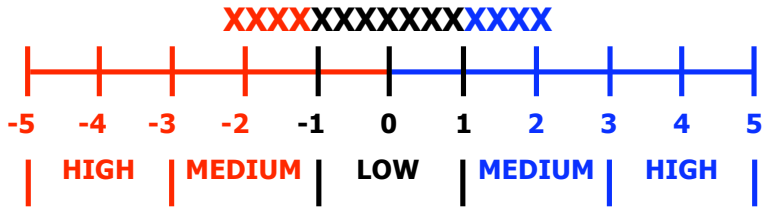
In each graphic, the **"XXXX-ed"** out area for the value continuum delineates a range of this specific factor to underwriting based on the attributes above recognized for added economic value and best professional judgment based on all relevant and/or situational information applicable.

Once these company sustainable attributes are identified and points totaled, the appropriate value is attributed through this numerical score on the Sustainable Manufacturing Underwriting Standard. Underwriters can use this information to assess a company's risk profile and determine the CMP *Green Value Score*©.

Once the CMP *Green Value Score*© is derived, it is intended for a company for a set vintage year. The CMP *Green Value Score*© is applicable to both internal decision making and external reporting to relevant parties including rating agencies, market investors, corporate-level financial and environmental reporting, and other pertinent applications.

If the company's manufacturing product line is certified to a leadership sustainable product certification specified in this Standard, and it undergoes capital improvements at a future date, the CMP *Green Value Score*© should be recalculated, a new vintage year assigned, and then re-reported accordingly.

See also Annex 1.



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10.3 SUSTAINABLE MANUFACTURING UNDERWRITING STANDARD – SCORING PROCESS

The Standard is designed to be straightforward for financial decisionmakers to implement and easily understood by investors, rating agencies and other capital market participants.

ACQUIRING A CMP GREEN VALUE SCORE© REQUIRES THE FOLLOWING FOUR (4) STEPS:

STEP 1 – Secure proper underwriting documentation

- SMaRT or equivalent Scorecards for each certified product
- FSC or equivalent Certification or US Renewing Forest Legal Label for companies that only make 100% wood products
- Clean Vehicle Certification

STEP 2 – Assess the certified products scorecards for the specific credits attained and assign appropriate points.

STEP 3 – Determine the CMP *Green Value Score*©. Information available should include:

- **Credits achieved for calculating the Sustainable Manufacturing Underwriting Standard Score**
- **Number of SMaRT Credits Achieved for Calculating Brand Score**
- **Clean Vehicle Standard Certification**

EXAMPLE: CMP Green Value Score = 49

- Leading Sustainable Flooring manufacturer
- SMaRT Brand score 9
- Not certified under Clean Vehicle Std.
- Sustain. Manu. Underwriting Standard Score = 39 (as seen below)

CMP *GREEN VALUE SCORE*© MATRIX	Points	Score
Sustainable Manufacturing Underwriting Standard Score **90** Pts. Max.	39	**39**
Brand Score **10** Pts. Max.		
18 Total SMaRT Credits Achieved times 0.57 = 10	10	**10**
Clean Vehicle Standard Certification	10	
CMP *GREEN VALUE SCORE*©		**49**

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Calculation Methodology – Sustainable Manufacturing Underwriting Standard Score SMaRT or equivalent Average Point Totals				
NOTE: Sorted by SMaRT Category		POINTS		SCORE
Feedstock Inventory (PHE 1-1)		0.5		0.5
Prohibited Input & Output Toxic Stockholm Treaty Chemicals (PHE 1-2 & 3)		1		1
51-75% Reductions in Toxic & Media Pollutants (PHE 5-1)		7.5		7.5
Energy Inventory (RE&ER 1-1)		1		1
70% Renewable Energy (REER 5-3)		13		13
Social Equity				
Social Equity Indicator Reporting (MFG 1-2 & 2-1)		1		1
Life Cycle Assessment				
ISO Compliant LCA Process (MFG 2-2)		1		1
Design for Environment				
Adopt DfE Process (MFG 4-1)		1		1
Reuse				
60% Reuse (IM 1-1)		3		3
Sustainable/EPP Product Transactions (MFG 6-1)		1		1
Dematerialization (IM 1-2)		1		1
Green Building Green Value Score for 60% of the Buildings Owned		3.5		3.5
TOTAL POINTS				34.5

Number of Leadership Sustainable Product Certifications Required. At least three certifications are required or certifications for at least 20% of all products made in order for a company to be awarded a *Green Value Score.*

Bonus points are awarded for companies achieving certifications for minimum percentages of all products made:

- at least 25% of all products made - 10 points
- 26% - 49% - 15 points
- 50% - 754% - 20 points
- 75 - 100% - 25 points

STEP 4 – FINAL: Include as Due Diligence Exhibit or Valuation Attachment

At this point, the following documents should be available for inclusion as an underwriting due diligence report or exhibit to valuation:

1. SMART TOTAL CERTIFICATION CREDITS ACHIEVED FROM SCORECARDS
2. Documentation of percentage of company's products certified
3. CMP Green Value Score© (see Section 10.3 and Appendix)
4. Sustainable Manufacturing Underwriting Standard worksheet (see Section 10.3 and Appendix)
5. Sustainable Manufacturing Underwriting Standard Point Credit Evaluation narratives (see Appendix)
6. For companies only making 100% wood products, calculate the *Green Value Score* from the separate *Green Value Score* for FSC Certified Wood *&* US Renewing Forest
7. Clean Vehicle Certification documentation

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USING THE CMP GREEN VALUE SCORE©

The CMP Green Value Score© is used by the companies as a risk-management and resource allocation tool to assess:

- Increased Profitability
- Reduced Capital Expenditures
- Higher Value Mergers and Acquisitions
- Increased Share Value

The CMP Green Value Score© is used by the external financial decision makers valuing a company as an investor and rating agency data point as they work to assess 1) share value 2) attributes that reduce investment risk, and 3) operational management quality:

I. Investor and Fund Analysis and Disclosure
- Pooled debt/equity investment vehicles
- Private equity portfolios

II. Corporate Information Disclosure
- Private client reporting
- Quarterly or annual financial reports
- Regulatory reports
- Analyst conference calls
- Credit ratings

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11.0 PROFORMA REVENUE INPUTS

This Standard addresses several areas of value that positively impact a company's products desirability to customers as compared to a 'market' peer group. Separate from determining the CMP *Green Value Score*©, fully accounting for these attributes in the underwriting, financing and valuation processes can result in better understanding a company's relative risk profile when compared to companies that do not have these attributes. This may lead to a company achieving higher value when compared to other companies that either 1) do not achieve these certifications, or 2) do not achieve the specific value attributes.

An important outcome is to provide an accurate profile of a company's value under the mark-to-market underwriting scenario. Current underwriting practices may penalize companies that achieve leadership third-party sustainable product certifications by associating these high-performance companies or their certified products with a market peer group that have not achieved a third-party certification.

The transparency resulting from achieving key aspects of leadership sustainable product certifications provides underwriters relevant value information in important areas including energy and water efficiency, pollution reductions, and operational superiority. Factoring these and other relevant issues into determining the 'market' peer group from which to assess value is a critical component of the underwriting process.

Acquisition, finance, and valuation professionals should incorporate these risk-based impacts within their revenue assumptions at underwriting. Input assumptions positively impacted are:

1. **Cash flow and expense assumptions that impact overall Gross Potential Income**
   - Product sales, market share, competitiveness
   - Energy, water, and overall resource efficiency strategies employed as compared to market peers that reduce costs
   - Reduced business risks that can factor into overall operations cost (business interruption, insurance rates, environmental litigation and regulatory compliance, grid brownouts, etc.)
   - Impacts from reduced pollution
   - Company competitive profile and market position attributed to intangible goodwill

2. **Product Inventory and operational capacity**
   - Level of customer orders
   - Duration of operational capacity reductions

3. **Duration of customer contracts and repeat business**
   - Renewal probability
   - Renewal price

11.0 MANDATORY REVISION

This Standard must be updated and/or amended at minimum every four years, including a minimum review by the Capital Markets Partnership Underwriting Committee every two years.

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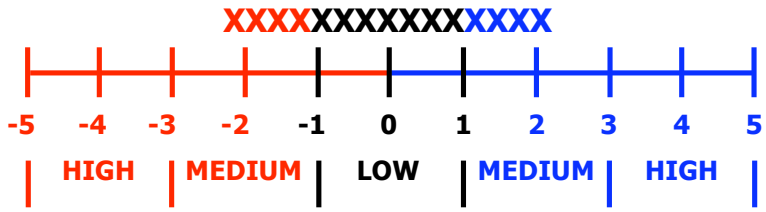
MANDATORY ANNEX 1

RANGE DETERMINATION JUSTIFYING POINT TOTALS FOR UNDERWRITING SCORE

Based on the sustainable attributes of product certifications to leadership standards, criteria are identified and summarized as to their value impact. Each criterion identified has a description of underwriting impact. The description is followed by the graphic below denoting a range of impact on value. **Negative** impacts on value are depicted in **red**, **minimal/neutral** value impacts in **black**, and **positive** value impacts in **blue**.

In each graphic, the **"XXXX-ed"** out area for the value continuum delineates a range which provides additional rational for the assigned point total.



A CMP *Green Value Score* **must** be validated by an accredited environmental professional. This validation can also be by SMaRT Accredited Professionals. The definition of Environmental professional covers about 100 different disciplines with minimum education and experience as defined by EPA: http://epa.gov/brownfields/aai/ep_deffactsheet.pdf.

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1. PROFORMA REVENUE ADJUSTMENTS

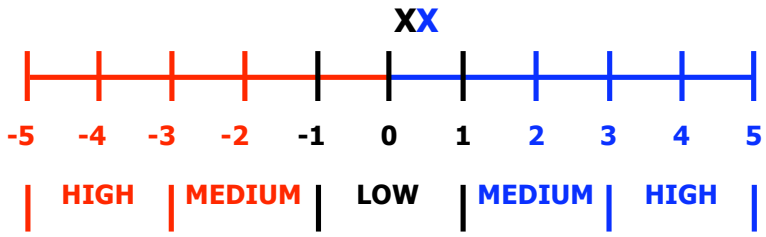
NOTE: LEADERSHIP SUSTAINABLE PRODUCT CREDITS CAN AFFECT BOTH REVENUE AND EXPENSES. FOR THE PURPOSES OF THE GREEN VALUE SCORE CALCULATION THEY CAN NOT BE DOUBLE COUNTED.

1.1 Feedstock Inventory – SMaRT Safe for Public Health & Environment PHE 1-1 , Inventory Human & Ecological Health Chemical Emissions (PHE 2-1), & Inventory Air, Waste & Water Pollutants (PHE 2-2)

Description

PHE 1-1, 2-1, & 2-2 require an inventory of a sustainable product raw materials composition including toxic and media pollutants using the BEES Please LCA Inventory of 1300 pollutants covering 12 environmental impacts. Achieving PHE 1-1 is the first step toward liability and risk reduction and operational efficiencies positively improving product design for environment opportunities, and also positively impacting its overall loss profile for insurance purposes.

Relative Impact – Revenue Generation



Underwriting Documentation

- Analysis / confirmation of SMaRT certification that includes this credit.

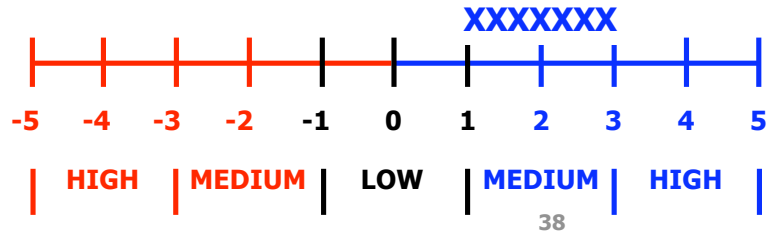
1.2 Prohibited Toxic Stockholm Treaty Chemicals (PHE 1-2 & 3)

Description

SMaRT PHE 1-2 & 1-3 requires elimination of globally banned toxic pollutants by treaty ratified by the US. Many of these toxic pollutants including pesticides and dioxins, are also prohibited in products, or their constituents are prohibited, by State law. Many companies advertise that their products are free of these chemicals, e.g., *PVC Free.*

Achieving PHE 1-2 & 1-3 positively adds to sales, market share, competitiveness and lower costs, and shortens product time to market.

Relative Impact – Revenue



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Underwriting Documentation

- Analysis / confirmation of SMaRT certification that includes this credit.

1.3 Past Reductions Beyond Compliance (PHE 2-4)

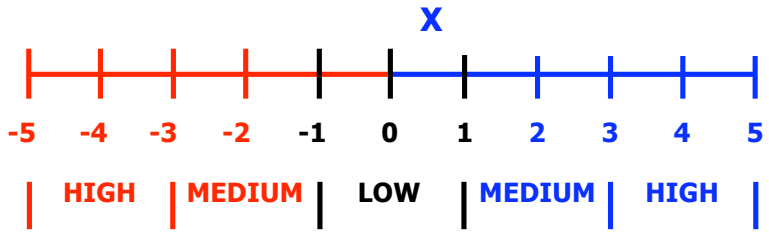
Description

Achieving SMaRT PHE 2-4 documents that a company substantially reduced its Toxic Release Inventory pollutants, a list of thousands of toxic chemicals.

Value and associated positive revenue impacts are defined by:

- Exemption from regulation by EPA
- significant reduction in regulatory compliance and associated risks
- Brand enhancement

Relative Impact – Revenue



Underwriting Documentation / Verification

- Analysis / confirmation of SMaRT certification that includes this credit.

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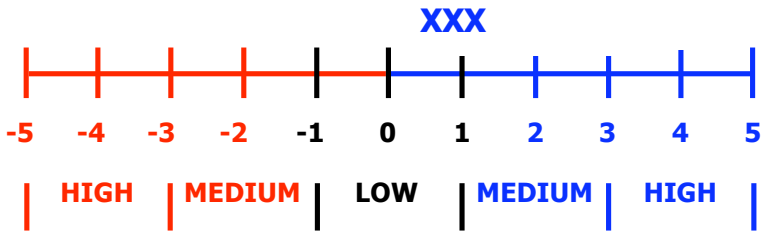
1.4 10-15% Reductions in Toxic & Media Pollutants (PHE 3-1)

Description

SMaRT PHE 3-1 requires reduction of about 1300 regulated pollutants including the top 100 climate change pollutants. Pollutants reduced are those on the BEES Please LCA Inventory list. Companies reducing these regulated pollutants achieve liability reductions, operational efficiency, and brand enhancement.

Relative Impact – Revenue



Underwriting Documentation

- Analysis / confirmation of SMaRT certification that includes this credit

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1.5 Minimize Indoor Air VOCs Including Carcinogens (PHE 3-2 & 3), Green Cleaning & Primary Installation Materials (PHE 3-3 & 4), & Minimize Formaldehyde & No PBDE (PHE 4-3 & 5-1)

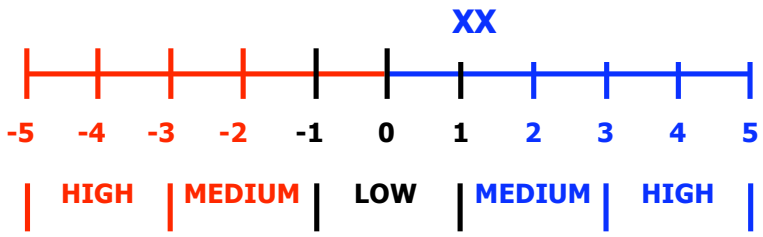
Description

Similar to LEED Indoor Air Quality credits, these credits primarily reduce volatile organic compounds including carcinogens emitted from products thus reducing indoor air pollution where the product is used.

Value and associated positive revenue impacts are defined by:

- More value to customers due to faster tenant leaseup, and higher rent and occupancy.

Relative Impact – Revenue



Underwriting Documentation

- Analysis / confirmation of SMaRT certification that includes these credits

1.6 20-50% Reductions in Toxic & Media Pollutants (PHE 4-1), 51-75% Reductions in Toxic & Media Pollutants (PHE 5-1), Supply Chain Inventory & Limit on Stockholm Chemicals (PHE 5-2), & No or De Minimis Toxic Chemicals & Media Pollutants (PHE 6-1).

Description

SMaRT PHE 4-1, 5-1, 5-2, & 6-1 require reduction of about 1300 regulated pollutants including the top 100 climate change pollutants. Pollutants reduced are those on the National Institute for Standards & Technology BEES Please LCA Inventory list. Companies reducing these regulated pollutants achieve liability reductions, operational efficiency, and brand enhancement.

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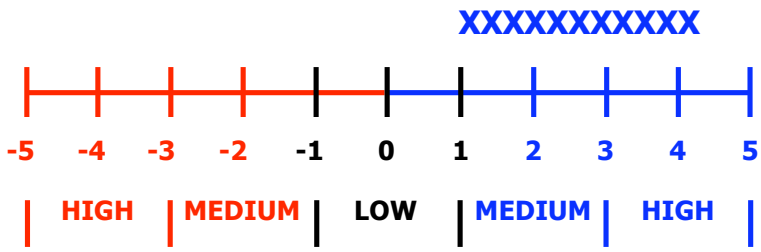
Relative Impact – Revenue



Underwriting Documentation

- Analysis / confirmation of SMaRT certification that includes these credits

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1.7 Manufacturing Facility Only: Energy Inventory (RE&ER 1-1), 1-10% Renewable Energy or 0.2-4% Energy Reduction (REER 2-2 3-3), 11-25% RE or 5-20% ER (RE&ER 4-1 4-2), 26-100% RE or 21-100% ER (RE&ER 5-1 to 5-3). Upstream Stages: 1-18% RE or 0.5-20% ER (RE&ER 5-5 & 5-6), 19-35% RE or 21-40% ER (RE&ER 6-1 & 6-2), 36% or more RE or 41% or more ER (RE&ER 6-2)

Description

Successful achievement of these SMaRT Renewable Energy and Conventional Energy Reduction credits require the implementation and use of

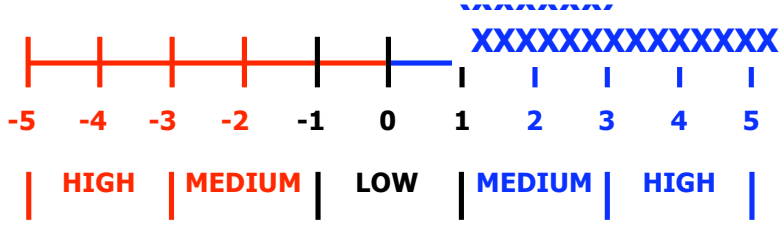
- onsite renewable or grid connected energy generation including solar, wind, hot and cold geothermal, low-impact hydro, biomass, and bio-gas strategies
- Conventional energy reductions

Benefits of onsite energy generation capabilities include reducing the company's peak load profile which is used to determine the overall utility rate, as well as reducing the overall usage amount. For most manufacturers, a daily load profile generally follows a bell-curve with the bulk of the energy being used during mid-day when energy costs are higher with a significantly reduced energy profile at night. Companies with a load profile as close to a straight line as possible qualify for prime electricity rates.

Onsite energy production lowers a facility's load profile exposure to energy price volatility thereby smoothing out operating cost fluctuations. This results in a more steady NOI (Net Operating Income) thereby lowering risk of debt default. Value and associated positive revenue impacts are defined by:

- Reduced peak rate energy charges
- Reduced annual energy costs – rate and amount
- Reduced exposure to utility cost price volatility
- Reduced facility downtime risk due to grid failures
- Reduced dependency on conventional energy
- Exposure to reduced grid-based energy availability for future needs

Relative Impact – Revenue



Underwriting Documentation

- Analysis / confirmation of SMaRT certification that includes these credits

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1.8 Concrete & Cement: 1-2% Energy Pollution Reduction from Cleaner Fuels (RE&ER 7-1)

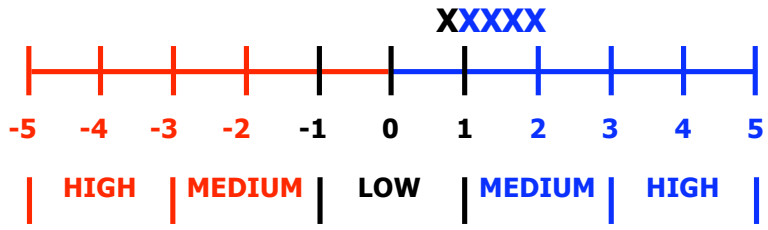
Description

Successful achievement of the SMaRT RE&ER 7-1 credit requires cement and concrete manufacturers to use cleaner burning fuels thus reducing climate and other pollution. These manufacturers are now regulated under the Clean Air Act for criteria air pollutants and also CO2 and other climate pollution.

Value and associated positive revenue impacts are defined by:

- Reduced air and climate pollution
- Possible avoidance of increased regulation
- Possible avoidance of climate change litigation damages. *Connecticut v. AEP*, (at 8, No. 05-0514, 2d Cir. Sept. 21. 2009, rehearing denied May 2010)(ruling for the States against the utilities for climate damages).

Relative Impact – Revenue



Underwriting Documentation

- Analysis / confirmation of SMaRT certification that includes this credit.

1.9 Wood FSC Certified Wood (MATLS 6-3)

Description

FSC Certified Wood increases brand value due to its steady growth and support by leading retailers, companies, governments, and leading environmental groups. FSC also provides the best defense to strict criminal liability for sale of illegally logged wood pursuant to the Lacey Act amended by Congress several years ago. FSC also receives LEED credit and is required for all wood contained in SMaRT Certified products. LEED, FSC and SMaRT are Leadership Standards substantially reducing pollution through required prerequisites as recognized by leading environmental groups, purchasers, companies, and media partners. FSC also is the best tool to reduce illegal logging and deforestation which causes about 20% of climate pollution according to the Global Canopy Programme of 80 universities led by Oxford.

Value and associated positive revenue impacts are defined by:

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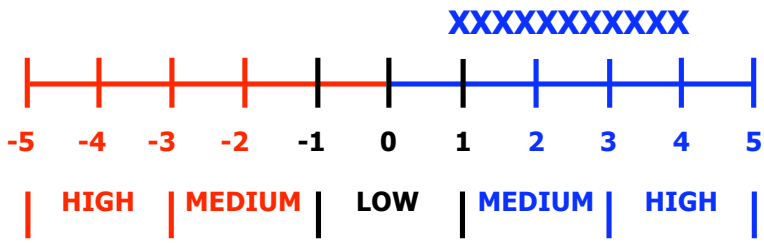
- Improved brand
- Liability and risk reduction
- Increased sales opportunities

Relative Impact – Revenue



Underwriting Documentation

- Analysis / confirmation of SMaRT certification that includes this credit, or obtain FSC third-party certificate from wood manufacturer / seller.

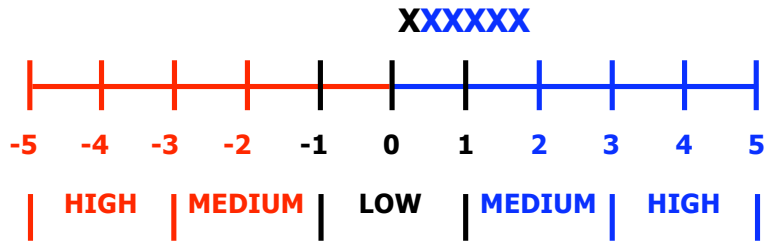
1.10 Inventory Biobased & Recycled Content Materials (MATLS 1-1), 5-40% Biobased, Recycled Content , Water reuse, or EPP Material (MATLS 2-1 to 3-4), 45-59% Biobased, Recycled Content (MATLS 4-2 to 6-5)

Description

SMaRT credit is awarded for percent recycled content, biobased content, and EPP material defined as a product with an LCA documenting improved product performance compared to the industry average. Benefits include:

- Marketing benefits
- Raw materials cost efficiencies

Relative Impact – Revenue



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- Analysis / confirmation of SMaRT certification that includes this credit.

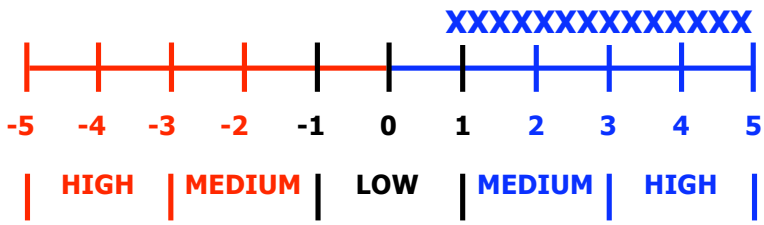
1.11 Organic & Best Management Practices (BMPs): 45-60% Organic & BMPS (MATLS 4-2 &3), 61-79% Organic & BMPs (MATLS 4-2 to 5-3), 80% or more Organic Biobased & BMPs (MATLS 5-4 to 6-5)

Description

Organic products with EPA / Purdue University Best Management Practices substantially reduce pollution at all product stages, more so than any other product. Organic products sell at a price premium due to substantial long term growth in market share, increased health benefits, and lack of any added harmful chemicals. Organic BMPs reduce the greatest amount of pollution of any products, are the best sustainable product, have no endocrine disruptors, and are easier to produce due to growing knowledge of organic agriculture. Benefits include:

- Increased sales price
- Increased market share
- Long term reduced price due to avoidance of products made with conventional energy and long term conventional energy price volatility

Relative Impact – Revenue



Underwriting Documentation

- Analysis / confirmation of SMART certification that includes this credit

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1.12 Social Equity Indicator Reporting (MFG 1-2 & 2-1)

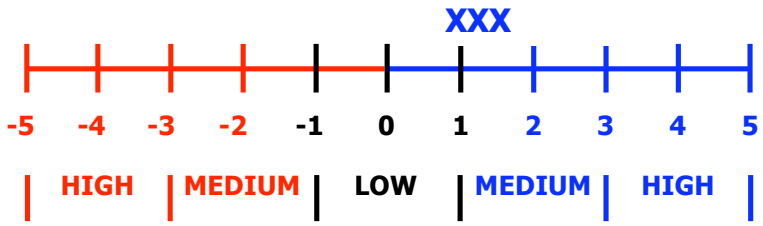
Description

Required SMaRT Social Equity Indicators are child labor, human rights, worker conditions, and community and are applicable for manufacturer and supplier facilities.

Benefits include:

- Developed nation manufacturers have a competitive advantage because they easily meet these criteria compared to companies with facilities in developing nations
- Communication as part of third-party sustainable product certification helps marketing and brand

Relative Impact – Revenue



Underwriting Documentation

- Analysis / confirmation of SMaRT certification that includes this credit

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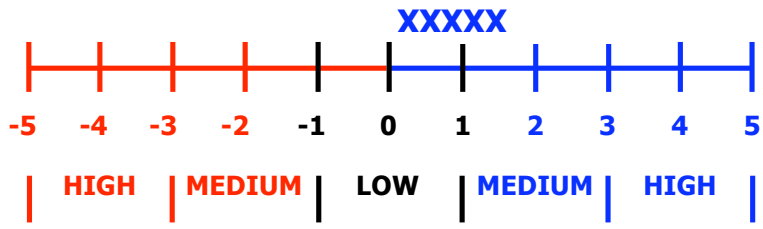
1.13 Life Cycle Assessment: ISO Compliant LCA Process (MFG 2-2), Design for Environment / Adopt DfE Process (MFG 4-1)

Description

These SMaRT Credits require a corporate LCA process to assess multiple environmental benefits / impacts of a product over the global supply chain. An LCA is the only way to obtain supplier impacts for products with 5 or more suppliers which is most products, since the impacts are cheaply assessable through online LCA data bases. A Design for Environment Process uses LCA to improve products reducing pollution and achieving greater product innovation and efficiency. Benefits include:

- Needed accurate system meeting FTC Environmental Marketing Guides for accurate communication about certified sustainable products
- Customer awareness of LCA has increased dramatically thus providing marketing benefits
- European Union is requiring LCA's for environmental product declarations as a condition of product sale
- Companies adhering to DfE programs based on LCA are more profitable

Relative Impact – Revenue



Underwriting Documentation

- Analysis / confirmation of SMaRT certification that includes this credit

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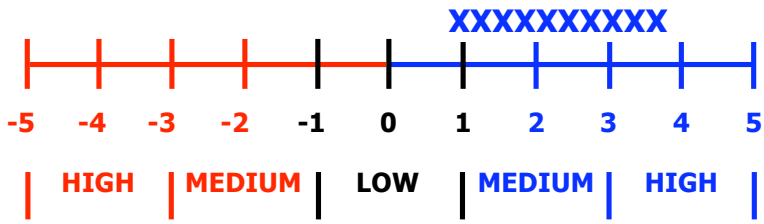
1.14 Sustainable/EPP Product Transactions (MFG 6-1)

Description

The true measure of the sustainability of a company is the percent of the leadership certified sustainable products that the company buys, makes, and sells. Benefits include:

- Marketing information preferred by customers
- Achievement of excellence in sustainable manufacturing with substantial percentage disclosure in all three categories achieving:
  - Operational efficiency
  - Liability & risk reduction
  - Best basis for compelling sustainable product marketing advancing sales, market share, and competitive advantage

Relative Impact – Revenue



Underwriting Documentation

- Analysis / confirmation of SMaRT certification that includes this credit

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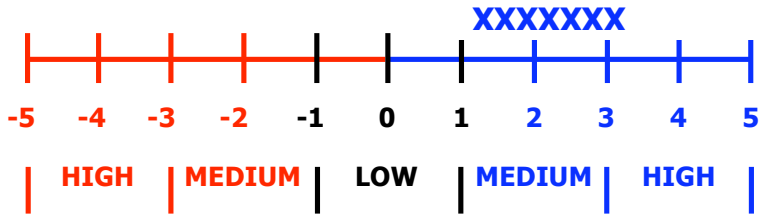
1.15 Performance Durability & Extended Product Life (EOL 1-2 & 2-1), & Dematerialization (IM 1-2)

Discussion

These SMaRT credits specify quality standards and points for quality standards that demonstrate extended product life, and dematerialization for products with the same quality performance but using less materials thus saving money and reducing pollution. Additional benefits include reassurance customer expectation of both a quality product and one that improves the environment and social equity.

Relative Impact – Revenue



Underwriting Documentation

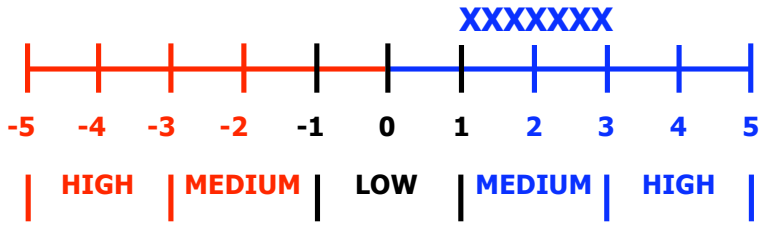
- Analysis / confirmation of SMaRT certification that includes this credit.

1.16 Reuse: 1-20% (EOL 2-2 to 4-4), 21-50% Reuse (EOL 5-1 to 6- 4), 51-100% Reuse (IM 1-1)

Discussion

Effective reuse programs save substantial amounts of energy by avoiding extraction and full manufacturing stages and associated impacts. Reuse also saves on material unit cost of production.

Relative Impact – Revenue



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Underwriting Documentation

- Analysis / confirmation of SMaRT certification that includes this credit.

2. SUMMARY – PROFORMA REVENUE CONSIDERATIONS

A review of the Proforma Revenue inputs impacted is as follows:

1. Cash flow adjustments that impact overall Gross Potential Income

- Increased product sales, market share, competitiveness from a credible third-party leadership certified sustainable product label that improves brand by providing added value to customers. Corporate self promotion on sustainability is no longer credible due to overwhelming greenwash.
- Peer reviewed Wall Street due diligence released at NYSE documented increased EBIT levels from certified leadership sustainable product certifications as compared to competitors and to internal noncertified product lines. Due diligence also documented increased share prices compared to noncertified competitors attributable to leadership sustainable product certifications (*Capital Markets Briefing Paper: Business Case for Commercializing Sustainable Investment).*
- Energy, water, and overall resource efficiency strategies employed as compared to market peers that reduce overall costs
- Reduced business risks factored into overall operations cost (business interruption, insurance rates, environmental litigation and regulatory compliance, grid brownouts, etc.)
- Improved indoor air and indoor environmental quality for customers
- Product differentiator including from credit in LEED US & Canada. FTC Guides surveys show public prefers leadership certified sustainable products (*Sustainable Products Training Manual* 2005).
- Product price premiums, e.g., organic. Organic production improved Patagonia's overall profitability (*Sustainable Products & Life Cycle Assessment: The Patagonia Case*, M. Brown & Assoc. 2000, updated by L. Seticka, Patagonia, 2005).
- Improved product design from DfE e.g., Xerox in design for disassembly, redesigned copiers so they use less parts and materials (Minn. *DfE Toolkit* required for SMaRT DfE credit).
- Faster product time to market and improved productivity (Philips Electronics Chupai, Taiwan plant showed 35% increase, with equipment and vending machine manufacturers showing over 60% increases (*Green Product Design 2006*) (*Automotive Toxic Use Reduction Report* (Michigan DEQ 2001).
- Company competitive profile and market position attributed to intangible goodwill from reduced pollution and associated public benefits (*Lippincott Mercer* 2005).
- Improved social equity from required credits protects license to operate.

2. Product Inventory and operational capacity

- Ability to maintain lower inventory from steady customer orders
- Decreased duration of operational capacity reductions from improved efficiencies

3. Duration of customer contracts and repeat business

- Renewal probability: Increased probability of contract sale renewal from more value delivered to customers.
- Opportunity to maintain contract renewal price

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Attribute Value / Revenue Analysis Summary

PHE 1,-1, 2-1, 2-2- Pollutant Inventories	XX
PHE 1-2, 1-3- Stockholm Chemicals	XXXXXXX
PHE 2-4- Beyond Compliance	X
PHE 3-1- 10-15% Pollutant Reductions	XX
PHE 3-2, 3, 4, 4-3, 5-1, Minimize VOCs & Toxin	XX
PHE 4-1,5-1,2,6-1- 20-100% Less Pollution	XXXXXXXXXX
RE&ER 1-1,2-2,3,4-1,2,5-5,6,6-1,2 Reduce Energy	XXXXXXXXXXXXX
RE&ER 7-1 Concrete & Cement Clean Fuels	XXXXX
MATLS 6-3- FSC Certified Wood	XXXXXXXXXX
MATLS 1-1, 2-1-3-4, 4-2-6-5- up to 59% Recycled	XX
MATLS 4-2,3,4-2-5-3,5-4-6-5 Organic BMPs	XXXXXXXXXXXXX
MFG 1-2,2-1- Social Equity Reporting	XXX
MFG 2-2,6-1- Life Cycle Assessment & DfE	XXXXX
MFG 6-1- Sustainable/EPP Product Transactions	XXXXXXXXXX
EOL 1-2,2-1, 2-2-4-4,5-1-6-4,IM 1-1,2- Reuse	XXXXXXX

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3. EXPENSE ASSUMPTIONS – PROFORMA INPUTS

In conjunction with areas outlined in Section 11.0 Proforma Revenue Inputs, this Standard addresses areas of value that positively impact a company's Proforma Expense profile when compared to a 'market' peer group. Fully accounting for these attributes is a critical factor in providing greater insight into operating and risk profile.

It is important to not double-count energy and water savings or any other leadership certified sustainable product credit / attribute in both the Proforma Revenue / Expense sections. As a general rule, energy and other savings should be identified in the Proforma Expense section.

To re-emphasize an earlier point discussed in Section 11.0, an important outcome is to provide an accurate profile of a company's value under the "mark-to-market" underwriting scenario. Current underwriting practices may penalize companies achieving leadership sustainable product certifications by negatively associating these high-performance sustainable certifications and companies achieving them with a market peer group that have not achieved a third-party certification.

The transparency resulting from achieving key aspects of these certification standards provides underwriters a deeper understanding of important expense-based aspects related to energy and water efficiency as well as ongoing operational benefits stemming from reduced pollution. Factoring these and other issues into determining the 'market' peer group in assessing comparative value is a critical underwriting component.

Finance, and valuation professionals should incorporate relevant risk-based impacts within their Proforma Expense assumptions at underwriting and corporate financial resource allocation decisions.

Among the Proforma Expense inputs potentially impacted are:

- Payroll and Administrative
- Utilities – Electricity and Water
- Raw material and manufacturing costs
- Contracts – Janitorial
- Repairs and Maintenance
- Green building certification for office and manufacturing facilities
- Waste reduction, reuse and disposal
- Insurance
- Tax considerations
- Non-Operating Expense
- Reserve For Replacement
- Marketing and Public Relations

Each of these line items is briefly discussed on the following page. Specific areas within the leadership certified sustainable product standards directly applicable to these Proforma Expense areas are detailed in Section 13.0.

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Payroll and Administrative

- Adjustments may be made for staff level reductions resulting from automated operating systems.
- Green building commissioning can have a significant impact on staff resources dedicated to operations, troubleshooting, and corrective action; a review of the commissioning report is advised.

Utilities – Electricity and Water

- Energy and water use efficiencies and associated cost reductions are a significant component of SMaRT® or equivalent. Energy reduction issues are a primary focus of Section 13.0.

Material Acquisition, Use & Manufacturing

- Reduced materials use occurs from achieving high levels of recycled product content, organic production, reuse, and dematerialization. This avoids disposal costs.

Contracts – Janitorial

- Certain green cleaning strategies may result in reduced rates for cleaning contracts, particularly in buildings that conduct cleaning during business hours. This policy has a positive effect on company's energy use profile through the reduced amount of electricity needed for evening lighting. Underwriters should understand the specific cleaning and contractual arrangements.

Manufacturing Facility & Office Building Repairs and Maintenance

- A commissioned green building for manufacturing and offices may have less need for ongoing system repair, operations troubleshooting and corrective action.
- Buildings with green roofs may experience an increase in maintenance costs due to the need for ongoing plant maintenance, weeding, replacement, etc.
- Landscape maintenance costs should be reduced for company buildings that implement xeriscape landscaping strategies and/or achieve LEED-WE 1.1 for water efficient landscaping.
- See the companion *National Consensus Green Building Underwriting Standards* 2.1, launched by JPMorgan and Wachovia and unanimously approved and market tested.

Insurance

- Select insurance carriers offer a discounted rate for certified green buildings and leadership sustainable products.

Tax

- Municipalities may offer property tax incentives to owners of certified green buildings. Underwriters should be aware of any tax implications regarding a specific asset as it pertains to the LEED® and ENERGY STAR certifications as well as leadership certified sustainable products.

Replacement Reserves

- Replacement reserves are set-aside funds for unexpected capital costs. A recently commissioned LEED building and leadership certified sustainable manufacturing may require less reserves. A review of the commissioning report is advised.

Marketing and Public Relations

- There are significant marketing and public relations benefits associated with the achievement of leadership sustainable product certifications that can positively impact a company's ongoing marketing budget. Underwriters and financial professionals should acknowledge these benefits either through a percentage expense reduction when compared to a non-certified sustainable product manufacturer or retailer.

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4. PROFORMA EXPENSE ADJUSTMENTS

NOTE: LEADERSHIP SUSTAINABLE PRODUCT CREDITS CAN AFFECT BOTH REVENUE AND EXPENSES. FOR THE PURPOSES OF THE GREEN VALUE SCORE CALCULATION THEY CAN NOT BE DOUBLE COUNTED.

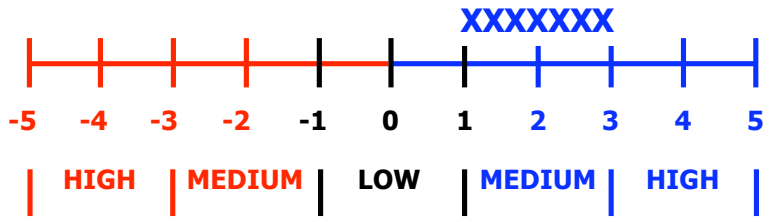
4.1 Prohibited Toxic Stockholm Treaty Chemicals (PHE 1-2 & 3)

Description

SMaRT PHE 1-2 & 1-3 requires elimination of globally banned toxic pollutants by treaty ratified by the US. Many of these toxic pollutants including pesticides and dioxins, are also prohibited in products, or their constituents are prohibited, by State law. Many companies advertise that their products are free of these chemicals, e.g., *PVC Free.*

Achieving PHE 1-2 & 1-3 positively adds to sales, market share, competitiveness and lower costs, and shortens product time to market.

Relative Impact – Expense



Underwriting Documentation

Analysis / confirmation of SMaRT certification that includes this credit.

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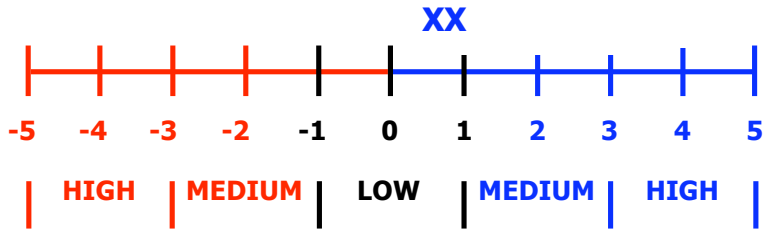
4.2 10-15% Reductions in Toxic & Media Pollutants (PHE 3-1)

Description

SMaRT PHE 3-1 requires reduction of about 1300 regulated pollutants including the top 100 climate change pollutants. Pollutants reduced are those on the BEES Please LCA Inventory list. Companies reducing these regulated pollutants achieve liability reductions, operational efficiency, and brand enhancement.

Relative Impact – Expense



Underwriting Documentation

- Analysis / confirmation of SMaRT certification that includes this credit

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4.3 Minimize Indoor Air VOCs Including Carcinogens (PHE 3-2 & 3), Green Cleaning & Primary Installation Materials (PHE 3-3 & 4), & Minimize Formaldehyde & No PBDE (PHE 4-3 & 5-1)

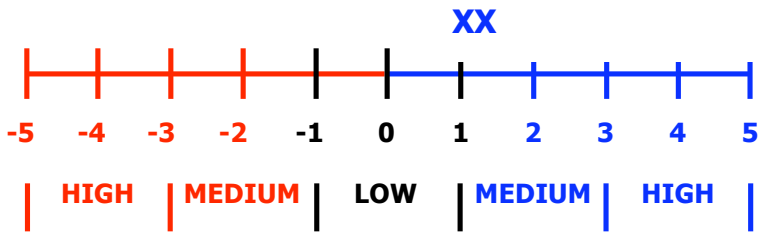
Description

Similar to LEED Indoor Air Quality credits, these credits primarily reduce volatile organic compounds including carcinogens emitted from products thus reducing indoor air pollution where the product is used.

Value and associated positive revenue impacts are defined by:

- More value to customers due to faster tenant leaseup, and higher rent and occupancy.

Relative Impact –Expense



Underwriting Documentation

- Analysis / confirmation of SMaRT certification that includes these credits

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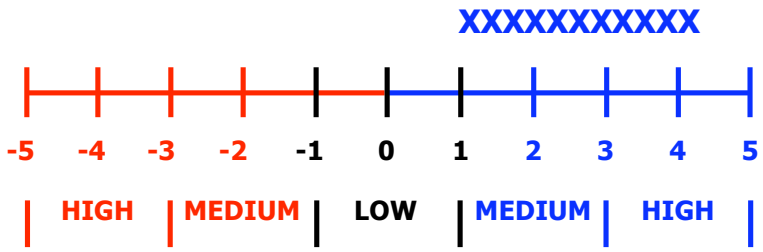
4.4 20-50% Reductions in Toxic & Media Pollutants (PHE 4-1), 51-75% Reductions in Toxic & Media Pollutants (PHE 5-1), Supply Chain Inventory & Limit on Stockholm Chemicals (PHE 5-2), & No or De Minimis Toxic Chemicals & Media Pollutants (PHE 6-1).

Description

SMaRT PHE 4-1, 5-1, 5-2, & 6-1 require reduction of about 1300 regulated pollutants including the top 100 climate change pollutants. Pollutants reduced are those on the BEES Please LCA Inventory list. Companies reducing these regulated pollutants achieve liability reductions, operational efficiency, and brand enhancement.

Relative Impact – Expensee



Underwriting Documentation

- Analysis / confirmation of SMaRT certification that includes these credits

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4.5 Manufacturing Facility Only: Energy Inventory (RE&ER 1-1), 1-10% Renewable Energy or 0.2-4% Energy Reduction (REER 2-2 3-3), 11-25% RE or 5-20% ER (RE&ER 4-1 4-2), 26-100% RE or 21-100% ER (RE&ER 5-1 to 5-3). Upstream Stages: 1-18% RE or 0.5-20% ER (RE&ER 5-5 & 5-6), 19-35% RE or 21-40% ER (RE&ER 6-1 & 6-2), 36% or more RE or 41% or more ER (RE&ER 6-2)

Description

Successful achievement of these SMaRT Renewable Energy and Conventional Energy Reduction credits require the implementation and use of

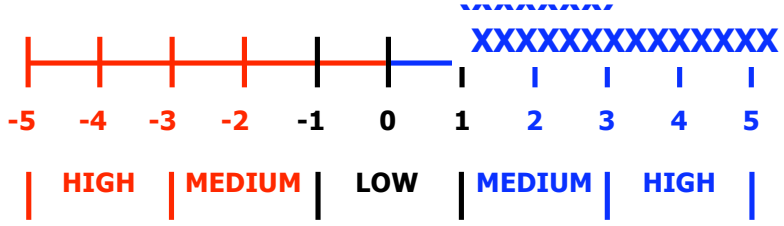
- onsite renewable or grid connected energy generation including solar, wind, hot and cold geothermal, low-impact hydro, biomass, and bio-gas strategies.
- Conventional energy reductions

Benefits of onsite energy generation capabilities include reducing the company's peak load profile which is used to determine the overall utility rate, as well as reducing the overall usage amount. For most manufacturers, a daily load profile generally follows a bell-curve with the bulk of the energy being used during mid-day when energy costs are higher with a significantly reduced energy profile at night. Companies with a load profile as close to a straight line as possible qualify for prime electricity rates.

Onsite energy production lowers a facility's load profile exposure to energy price volatility thereby smoothing out operating cost fluctuations. This results in a more steady NOI (Net Operating Income) thereby lowering risk of debt default. Value and associated positive revenue impacts are defined by:

- Reduced peak rate energy charges
- Reduced annual energy costs – rate and amount
- Reduced exposure to utility cost price volatility
- Reduced facility downtime risk due to grid failures
- Reduced dependency on conventional energy
- Exposure to reduced grid-based energy availability for future needs

Relative Impact – Expense



Underwriting Documentation

- Analysis / confirmation of SMaRT certification that includes these credits

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4.6 Concrete & Cement: 1-2% Energy Pollution Reduction from Cleaner Fuels (RE&ER 7-1)

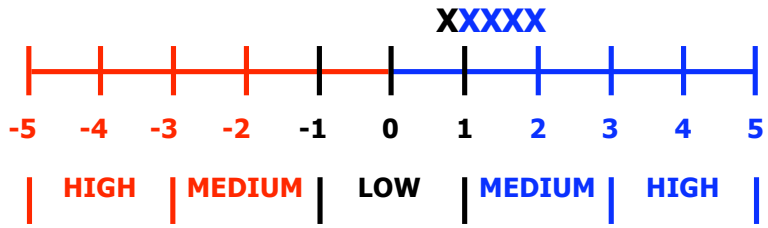
Description

Successful achievement of the SMaRT RE&ER 7-1 credit requires cement and concrete manufacturers to use cleaner burning fuels thus reducing climate and other pollution. These manufacturers are now regulated under the Clean Air Act for criteria air pollutants and also CO2 and other climate pollution.

Value and associated positive revenue impacts are defined by:

- Reduced air and climate pollution
- Possible avoidance of increased regulation
- Possible avoidance of climate change litigation damages. *Massachusetts v. EPA*, (at 8, No. 05-0514, 2d Cir. Sept. 21. 2009, rehearing denied May 2010)(ruling for the States against the utilities for climate damages).

Relative Impact – Expense



Underwriting Documentation

- Analysis / confirmation of SMaRT certification that includes this credit.

4.7 Wood FSC Certified Wood (MATLS 6-3)

Description

FSC Certified Wood increases brand value due to its steady growth and support by leading retailers, companies, governments, and leading environmental groups. FSC also provides the best defense to strict criminal liability for sale of illegally logged wood pursuant to the Lacey Act amended by Congress several years ago. FSC also receives LEED credit and is required for all wood contained in SMaRT Certified products. LEED, FSC and SMaRT are Leadership Standards substantially reducing pollution through required prerequisites as recognized by leading environmental groups, purchasers, companies, and media partners. FSC also is the best tool to reduce illegal logging and deforestation which causes about 20% of climate pollution according to the Global Canopy Programme of 80 universities led by Oxford.

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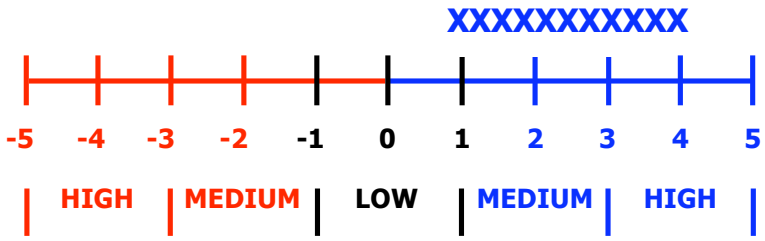
Value and associated positive revenue impacts are defined by:

- Improved brand
- Liability and risk reduction
- Increased sales opportunities

Relative Impact – Expense



Underwriting Documentation

- Analysis / confirmation of SMaRT certification that includes this credit, or obtain FSC third-party certificate from wood manufacturer / seller.

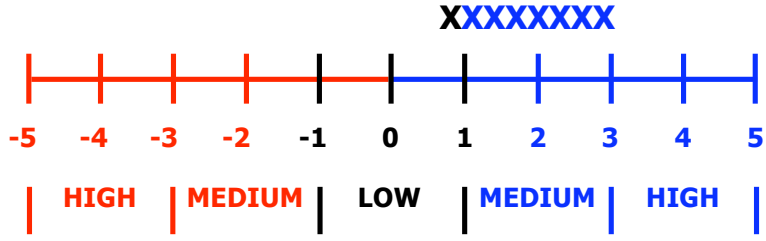
4.8 5-40% Biobased, Recycled Content , Water reuse, or EPP Material (MATLS 2-1 to 3-4), 45-59% Biobased, Recycled Content (MATLS 4-2 to 6-5)

Description

SMaRT credit is awarded for percent recycled content and water reuse, biobased content, and EPP material defined as a product with an LCA documenting improved product performance compared to the industry average. Benefits include:

- Marketing benefits
- Possible raw materials cost efficiencies

Relative Impact – Expense



Underwriting Documentation

- Analysis / confirmation of SMaRT certification that includes this credit.

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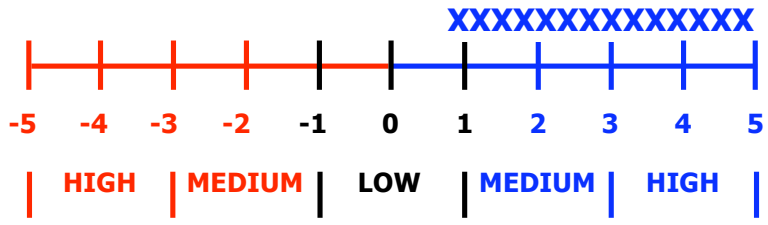
4.9 Organic & Best Management Practices (BMPs): 45-60% Organic & BMPS (MATLS 4-2 &3), 61-79% Organic & BMPs (MATLS 4-2 to 5-3), 80% or more Organic Biobased & BMPs (MATLS 5-4 to 6-5)

Description

Organic products with EPA / Purdue University Best Management Practices substantially reduce pollution at all product stages, more so than any other product. Organic products sell at a price premium due to substantial long term growth in market share, increased health benefits, and lack of any added harmful chemicals. Organic BMPs reduce the greatest amount of pollution of any products, are the best sustainable product, have no endocrine disruptors, and are easier to produce due to growing knowledge of organic agriculture. Benefits include:

- Increased sales price
- Increased market share
- Long term reduced price due to avoidance of products made with conventional energy and long term conventional energy price volatility

Relative Impact –Expense



Underwriting Documentation

- Analysis / confirmation of SMART certification that includes this credit

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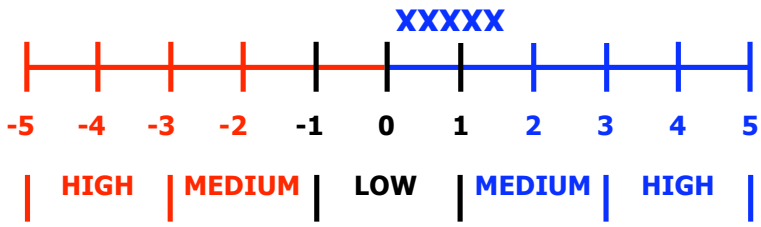
4.10 Life Cycle Assessment: ISO Compliant LCA Process (MFG 2-2), Design for Environment / Adopt DfE Process (MFG 4-1)

Description

These SMaRT Credits require a corporate LCA process to assess multiple environmental benefits / impacts of a product over the global supply chain. An LCA is the only way to obtain supplier impacts for products with 5 or more suppliers which is most products, since the impacts are cheaply assessable through online LCA data bases. A Design for Environment Process uses LCA to improve products reducing pollution and achieving greater product innovation and efficiency. Benefits include:

- Needed accurate system meeting FTC Environmental Marketing Guides for accurate communication about certified sustainable products
- Customer awareness of LCA has increased dramatically thus providing marketing benefits
- European Union is requiring LCAs for environmental product declarations as a condition of product sale
- Companies adhering to DfE programs based on LCA are more profitable

Relative Impact – Expense



Underwriting Documentation

- Analysis / confirmation of SMaRT certification that includes this credit

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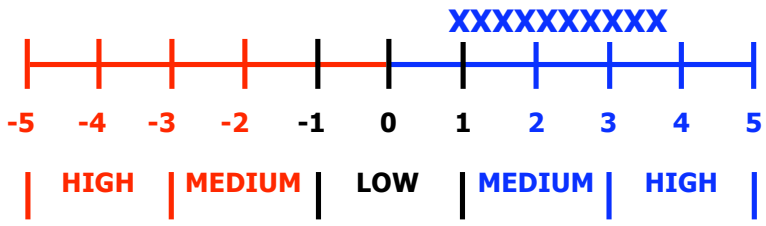
4.11 Sustainable/EPP Product Transactions (MFG 6-1)

Description

The true measure of the sustainability of a company is the percent of the leadership certified sustainable products that the company buys, makes, and sells. Benefits include:

- Marketing information preferred by customers
- Achievement of excellence in sustainable manufacturing with substantial percentage disclosure in all three categories achieving:
  - Operational efficiency
  - Liability & risk reduction
  - Best basis for compelling sustainable product marketing advancing sales, market share, and competitive advantage

Relative Impact – Expense



Underwriting Documentation

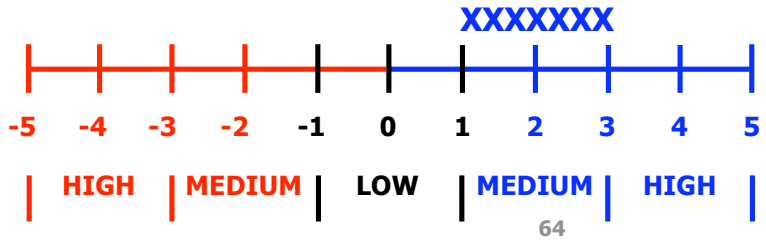
- Analysis / confirmation of SMaRT certification that includes this credit

4.12 Reuse: 1-20% (EOL 2-2 to 4-4), 21-50% Reuse (EOL 5-1 to 6-4), 51-100% Reuse (IM 1-1)

Discussion

Effective reuse programs save substantial amounts of energy by avoiding extraction and full manufacturing stages and associated impacts. Reuse also saves on material unit cost of production.

Relative Impact – Expense



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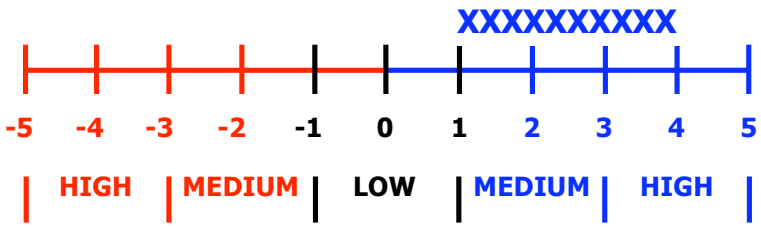
- Analysis / confirmation of SMaRT certification that includes this credit.

4.13 Green Building Underwriting Standard *Green Value Scores* for Manufacturer or Retailer Buildings.

Discussion

In addition to the economic value derived from sustainable manufacturing, additional economic value is also achieved from the *Green Value Scores* of buildings owned or leased by manufacturers and retailers. Added building economic value increases the economic value of companies.

Relative Impact – Expense



Underwriting Documentation

- Analysis / confirmation of *Green Building Underwriting Standards Green Value Scores.*

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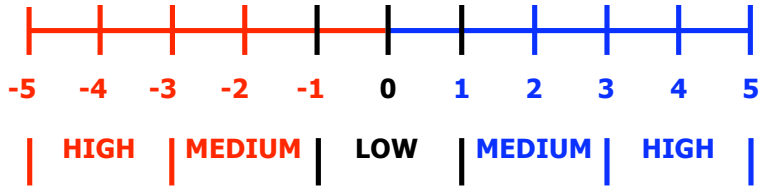
5. SUMMARY – PROFORMA EXPENSE CONSIDERATIONS

A review of the Proforma Expense areas impacted is as follows:

- Payroll and Administrative
- Utilities – Electricity and Water
- Raw material and manufacturing costs
- Contracts - Janitorial
- Repairs and Maintenance
- Green building certification for office and manufacturing facilities, landscaping
- Waste reduction, reuse and disposal
- Insurance
- Tax considerations
- Non Operating Expense
- Management Fees
- Reserves
- Marketing and Public Relations

Expense Analysis Summary

PHE 1-2, 1-3- Stockholm Chemicals	XXXXXXX
PHE 3-1- 10-15% Pollutant Reductions	XX
PHE 3-2, 3, 4, 4-3, 5-1, Minimize VOCs & Toxins	XX
PHE 4-1,5-1,2,6-1- 20-100% Less Pollution	XXXXXXXXXX
RE&ER 1-1,2-2,3,4-1,2,5-5,6,6-1,2 Reduce Energy	XXXXXXXXXXXXX
RE&ER 7-1 Concrete & Cement Clean Fuels	XXXXX
MATLS 6-3- FSC Certified Wood	XXXXXXXXXX
MATLS 2-1-3-4, 4-2-6-5- up to 59% Recycled	XX
MATLS 4-2,3,4-2-5-3,5-4-6-5 Organic BMPs	XXXXXXXXXXXXX
MFG 2-2,6-1- Life Cycle Assessment & DfE	XXXXX
MFG 6-1- Sustainable/EPP Product Transactions	XXXXXXXXXX
EOL 2-2-4-4,5-1-6-4, IM 1-1,2- Reuse/Dematerial	XXXXXXX
Green Value Scores for Buildings Owned or Leased	XXXXXXXXXX



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6. SUMMARY – ALL PROFORMA CONSIDERATIONS

The following is a summary of all Proforma considerations outlined within this Standard for appropriately valuing companies whose products are certified to leadership sustainable product standards when compared to companies that do not have certifications to these standards.

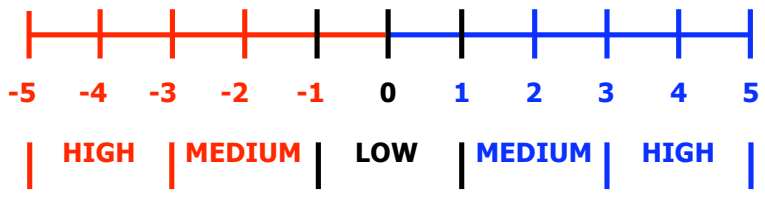
NOTE: LEADERSHIP SUSTAINABLE PRODUCT CREDITS CAN AFFECT BOTH REVENUE AND EXPENSES. FOR THE PURPOSES OF THE GREEN VALUE SCORE CALCULATION THEY CAN NOT BE DOUBLE COUNTED.

Attribute Value / Revenue Analysis Summary

PHE 1,-1, 2-1, 2-2- Pollutant Inventories	XX
PHE 1-2, 1-3- Stockholm Chemicals	XXXXXXX
PHE 2-4- Beyond Compliance	X
PHE 3-1- 10-15% Pollutant Reductions	XX
PHE 3-2, 3, 4, 4-3, 5-1, Minimize VOCs & Toxin	XX
PHE 4-1,5-1,2,6-1- 20-100% Less Pollution	XXXXXXXXXX
RE&ER 1-1,2-2,3,4-1,2,5-5,6,6-1,2 Reduce Energy	XXXXXXXXXXXXX
RE&ER 7-1 Concrete & Cement Clean Fuels	XXXXX
MATLS 6-3- FSC Certified Wood	XXXXXXXXXX
MATLS 1-1, 2-1-3-4, 4-2-6-5- up to 59% Recycled	XX
MATLS 4-2,3,4-2-5-3,5-4-6-5 Organic BMPs	XXXXXXXXXXXXX
MFG 1-2,2-1- Social Equity Reporting	XXX
MFG 2-2,6-1- Life Cycle Assessment & DfE	XXXXX
MFG 6-1- Sustainable/EPP Product Transactions	XXXXXXXXXX
EOL 1-2,2-1, 2-2-4-4,5-1-6-4,IM 1-1,2- Reuse	XXXXXXX

Expense Analysis Summary

PHE 1-2, 1-3- Stockholm Chemicals	XXXXXXX
PHE 3-1- 10-15% Pollutant Reductions	XX
PHE 3-2, 3, 4, 4-3, 5-1, Minimize VOCs & Toxins	XX
PHE 4-1,5-1,2,6-1- 20-100% Less Pollution	XXXXXXXXXX
RE&ER 1-1,2-2,3,4-1,2,5-5,6,6-1,2 Reduce Energy	XXXXXXXXXXXXX
RE&ER 7-1 Concrete & Cement Clean Fuels	XXXXX
MATLS 6-3- FSC Certified Wood	XXXXXXXXXX
MATLS 2-1-3-4, 4-2-6-5- up to 59% Recycled	XX
MATLS 4-2,3,4-2-5-3,5-4-6-5 Organic BMPs	XXXXXXXXXXXXX
MFG 2-2,6-1- Life Cycle Assessment & DfE	XXXXX
MFG 6-1- Sustainable/EPP Product Transactions	XXXXXXXXXX
EOL 2-2-4-4,5-1-6-4, IM 1-1,2- Reuse/Dematerial	XXXXXXX
Green Value Scores for Buildings Owned or Leased	XXXXXXXXXX



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7. APPLYING THE SUSTAIANBLE MANUFACTURING UNDERWRITING STANDARD TO PROFORMAS FOR A SPECIFIC GREEN VALUE SCORE FOR A COMPANY

Beyond deriving the Capital Market Partnership *Green Value Score* for the purposes of risk analysis and reporting, this scoring tool can be utilized as an overlay to normal underwriting and decision making.

Users of this Standard can associate appropriate leadership certified sustainable product credits to areas within proforma-based spreadsheet analysis tools that seek to determine corporate value.

Risk-based measures attributed to leadership certified sustainable products can be broken into categories as follows:

1. **Revenue and Overall Cash Flow**
   - Company desirability relative to market
   - Ability to achieve increased sales relative to market
   - Ability to retain customers relative to market
   - Length of time company can maintain a market rating of "Class A"
   - Risk probability of default

2. **Growth and Ongoing Investment Cost Containment**
   - Decreased obsolescence risk relative to market
   - Competitive stance in comparison to competitors over time
   - Customer contract renewal probability, inventory and downtime costs
   - Exposure to future manufacturing and/or operational retrofit costs

3. **Operating Expense Efficiency and Cost Escalation Containment**
   - Comprehensive operating procedures and operational checks
   - Utility cost reduction strategies and efficiencies through facility and product design and technology
   - Efficient systems that reduce financial exposure to utility cost escalation / price volatility
   - Reduction in equipment maintenance and repair
   - System longevity through ongoing commissioning and preventative maintenance
   - Ability to qualify for insurance discounts

4. **Depreciation and Obsolescence**
   - Cost segregation analysis and associated tax advantages
   - Competitiveness in macro/micro markets
   - Cap rate bonus / discount application at sale
   - Positive value adjustments vs. market 'comparable' companies during underwriting

5. **Risk Profile**
   - Reduced liability and business interruption exposure to pollution problems
   - Reduced financial exposure to climate change regulatory changes
   - Lower default risk stemming from increased revenue potential, reduced operating expenses and exposure to conventional energy price volatility, and base risk exposure from pollution

6. **Overall Factor Analysis**
   - Corresponding adjustments to the discount rate and terminal capitalization rate for companies with leadership certified sustainable products when compared to companies that are not

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Proforma Considerations – Revenue and Expense

A review of the revenue-based inputs that can be positively impacted relative to a company's non-certified market peer group is as follows:

1. Gross Revenue Potential

- Increased product sales, market share, competitiveness from a credible third-party leadership certified sustainable product label that improves brand by providing added value to customers. Corporate self-promotion on sustainability is no longer credible due to overwhelming greenwash.
- Peer reviewed Wall Street due diligence released at NYSE documented increased EBIT levels from certified leadership sustainable product certifications as compared to competitors and to internal noncertified product lines. Due diligence also documented increased share prices compared to noncertified competitors attributable to leadership sustainable product certifications (*Capital Markets Briefing Paper: Business Case for Commercializing Sustainable Investment).*
- Energy, water, and overall resource efficiency strategies employed as compared to market peers that reduce overall costs
- Reduced business risks factored into overall operations cost (business interruption, insurance rates, environmental litigation and regulatory compliance, grid brownouts, etc.)
- Improved indoor air and indoor environmental quality for customers
- Product differentiator including from credit in LEED US & Canada. FTC Guides surveys show public prefers leadership certified sustainable products (*Sustainable Products Training Manual* 2005).
- Product price premiums, e.g., organic. Organic production improved Patagonia's overall profitability (*Sustainable Products & Life Cycle Assessment: The Patagonia Case*, M. Brown & Assoc. 2000, updated by L. Seticka, Patagonia, 2005).
- Improved product design from DfE e.g., Xerox in design for disassembly, redesigned copiers so they use less parts and materials (Minn. *DfE Toolkit* required for SMaRT DfE credit).
- Faster product time to market and improved productivity (Philips Electronics Chupai, Taiwan plant showed 35% increase, with equipment and vending machine manufacturers showing over 60% increases (*Green Product Design 2006*) (*Automotive Toxic Use Reduction Report* (Michigan DEQ 2001).
- Company competitive profile and market position attributed to intangible goodwill from reduced pollution and associated public benefits (*Lippincott Mercer* 2005).
- Improved social equity from required credits protects license to operate.

2. Product Inventory and operational capacity

- Ability to maintain lower inventory from steady customer orders
- Decreased duration of operational capacity reductions from improved efficiencies

4. Duration of customer contracts and repeat business

- Renewal probability: Increased probability of contract sale renewal from more value delivered to customers.
- Opportunity to maintain contract renewal price

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Among the expense-based inputs potentially impacted are:

- Payroll and Administrative
- Utilities – Electricity and Water
- Raw material and manufacturing costs
- Contracts - Janitorial
- Repairs and Maintenance
- Green building certification for office and manufacturing facilities, landscaping
- Waste reduction, reuse and disposal
- Insurance
- Tax considerations
- Non Operating Expense
- Management Fees
- Reserves
- Marketing and Public Relations
- Green Building Underwriting Standard *Green Value Scores* for buildings owned or leased

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MANDATORY ANNEX 2

Blank Scorecards

Calculation Methodology – Sustainable Manufacturing Underwriting Standard Score SMaRT or equivalent Aggregated Average Point Totals				
NOTE: Sorted by SMaRT Category Safe for Public Health & Environment		POINTS		SCORE
Feedstock Inventory (PHE 1-1)		0.5		
Prohibited Input Toxic Stockholm Treaty Chemicals (PHE 1-2)		0.5		
Prohibited Output Toxic Stockholm Treaty Chemicals (PHE 1-3)		0.5		
Inventory Human & Ecological Health Chemical Emissions (PHE 2-1)		0.5		
Inventory Air, Waste & Water Pollutants (PHE 2-2)		0.5		
Past Reductions Beyond Compliance (PHE 2-4)		0.5		
10-25% Reductions in Toxic & Media Pollutants (PHE 3-1)		1		
Minimize Indoor Air VOCs (PHE 3-2)		0.5		
Minimize Carcinogenic VOCs (PHE 3-3)		0.5		
Green Cleaning & Primary Installation Materials (PHE 3-3 & 4)		0.5		
26-50% Reductions in Toxic & Media Pollutants (PHE 4-1)		3		
Minimize Indoor Formaldehyde Emissions (PHE 4-2)		0.5		
No PBDE (PHE 4-3)		0.5		
51-75% Reductions in Toxic & Media Pollutants (PHE 5-1)		4		
Supply Chain Inventory & Limit on Stockholm Chemicals (PHE 5-2)		1		
No or De Minimis Toxic Chemicals & Media Pollutants (PHE 6-1)		5		
TOTAL POINTS				

Calculation Methodology – Sustainable Manufacturing Underwriting Standard Score SMaRT or equivalent Aggregated Average Point Totals				
NOTE: Sorted by SMaRT Category Energy Efficiency/Renewable Energy		SCORE		TOTAL
Manufacturing Facility Only				
Energy Inventory (RE&ER 1-1)		1		
1-10% Renewable Energy or 0.2-4% Energy Reduction (REER 2-2 3-3)		1		
11-25% RE or 5-30% ER (RE&ER 4-1 4-2)		2		
26-49% RE or 31-50% ER (RE&ER 5-1 to 5-3)		5		
50% or higher RE or 51% or higher ER (RE&ER 5-3)		5		
Upstream Stages				
1-18% RE or 0.5-20% ER (RE&ER 5-5 & 5-6)		1		
19-35% RE or 21-40% ER (RE&ER 6-1 & 6-2)		5		
36% or more RE or 41% or more ER (RE&ER 6-2)		5		
Concrete & Cement				
1-2% Energy Pollution Reduction from Cleaner Fuels (RE&ER 7-1)		1		
TOTAL POINTS				

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Calculation Methodology – Sustainable Manufacturing Underwriting Standard Score SMaRT or equivalent Aggregated Average Point Totals				
NOTE: Sorted by SMaRT Category Biobased or Recycled Materials		POINTS		SCORE
Wood				
FSC Certified Wood (MATLS 6-3)		1		
Inventory				
Inventory Biobased & Recycled Content Materials (MATLS 1-1)		0.5		
Percent Recycle Content & EPP Material				
5-40% Biobased, Recycled Content , Water reuse, or EPP Material (MATLS 2-1 to 3-4)		.05		
45-59% Biobased, Recycled Content (MATLS 4-2 to 6-5)		0.5		
Organic & Best Management Practices (BMPs)				
45-60% Organic & BMPS (MATLS 4-2 &3)		1		
61-79% Organic & BMPs (MATLS 4-2 to 5-3)		1		
80% or more Organic Biobased & BMPs (MATLS 5-4 to 6-5)		1		
TOTAL POINTS				

Calculation Methodology – Sustainable Manufacturing Underwriting Standard Score SMaRT or equivalent Aggregated Average Point Totals				
NOTE: Sorted by SMaRT Category Social Equity, Facility & Company & Reuse		SCORE		TOTAL
Social Equity				
Social Equity Indicator Reporting (MFG 1-2 & 2-1)		1		
Life Cycle Assessment				
ISO Compliant LCA Process (MFG 2-2)		1		
Design for Environment				
Adopt DfE Process (MFG 4-1)		1		
Sustainable/EPP Product Transactions (MFG 6-1)		1		
Reuse				
Performance Durability & Extended Product Life (EOL 1-2 & 2-1)		0.5		
1-20% (EOL 2-2 to 4-4)		1		
21-50% Reuse (EOL 5-1 to 6-4)		1		
51-100% Reuse (IM 1-1)		1		
Dematerialization (IM 1-2)		1		
Green Building Underwriting *Green Value Scores*	3 or more buildings	0.5		
	15-40% of buildings	1		
	41% - 60% buildings	1		
	61% - 100%	1		
TOTAL POINTS				**90**

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CMP *GREEN VALUE SCORE*© MATRIX	Points	Score
Sustainable Manufacturing Underwriting Standard Score **90** Pts. Max.		
Brand Score from SMaRT or Equivalent **10** Pts. Max. The Brand Score for SMaRT or equivalent is calculated by multiplying 0.57 times each SMaRT Credit achieved in the Sustainable Manufacturing Underwriting Score. This 0.57 multiplication factor is derived from the total 57 SMaRT or equivalent points available that add economic value, divided by 100.		
The Brand Score for The Clean Vehicle Standard is for vehicle manufacturers only, and is 10 points for achieving Clean Vehicle Standard Certification. **Clean Vehicle Standard Certification**	**10**	
The minimum requirement for a company achieving a Green Value Score is to have at least three product lines certified to SMaRT, FSC, US Renewing Label, Clean Vehicle Standard or equivalent. Further, cumulative bonus points are awarded for companies achieving these certifications for: at least 25% of all products made - 10 points 26% - 50% 15 points 51% - 75% - 20 points 76% - 100% - 25 points		
Bonus Points for Additional Certified Lines		
CMP *GREEN VALUE SCORE*©		

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FOR 100% WOOD or PAPER MANUFACTURERS and RETAILERS

	Points	Score
US Renewing Forest Legal Label	**25**	
FSC Recycled or equivalent	**35**	
FSC Mixed & Recycled or equivalent	**45**	
FSC Mixed & Controlled Wood or equivalent	**55**	
FSC Mixed, Controlled Wood & Recycled or equivalent	**65**	
FSC Pure or equivalent	**75**	
At least 25% of all products made are FSC Certified	**10**	
26-75% of all products made are FSC Certified	**15**	
76-100% of all products made are FSC Certified	**20**	
15% Minimum Required Mixed & Recycled Content. >50% =	**15**	
CMP GREEN VALUE SCORE		

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MANDATORY ANNEX 3

LEGALLY BINDING CERTIFICATION

Express Warranty for Accurate Calculation of the CMP Green Value Score©

An independent third-party contractor accredited environmental or SMaRT professional must provide written signed certification of each CMP *Green Value Score*© pursuant to the Underwriting Standard and the work performed pursuant to this Standard. This is evidenced by expressly warranting the CMP *Green Value Score*© in writing which includes the professional's typed name, signature, and affiliation.[7]

> I, _____, as the CMP *Green Value Score*© certifying professional hereby expressly warrant as part of this engagement agreement that the data gathered used in calculating the CMP *Green Value Score*©, including responses to any third-party information requests, are accurate, reliable, and not misleading to the best of my knowledge as set forth by the Federal Trade Commission Environmental Marketing Guides requiring accurate and true environmental communications.
>
> Both the express and implied meaning of this certification concerning the data used, responses to information requests, and provisions of the Standard are reasonable and based on competent and reliable evidence prepared by a qualified professional using procedures to produce accurate and reliable results.
>
> <Signature>
>
> Name
>
> Professional Designation
>
> Date

Equivalent Option. An equivalent option can be used satisfying this legally binding certification requirement in lieu of providing the express warranty above for general adherence to this Standard. To do this, the accredited environmental or SMaRT professional must certify in writing that their communications regarding this Standard and applicable sections, comply with the Federal Trade Commission *Environmental Marketing Guides* at 16 C.F.R. Part 260 (1998) for accurate, reliable, and documented communications: http://www.ftc.gov/bcp/grnrule/guides980427.htm.

This certification must also state that "both the express and implied meaning of the certification about the data, responses to information, and provisions of the Standard, is reasonable and based on competent and reliable scientific evidence prepared by qualified professionals in the relevant area, using procedures to produce accurate and reliable results." See 16 C.F.R. § 260.5. Further, such certification and its documentation will be publicly available.

[7] Federal Trade Commission Environmental Marketing Guides at 16 C.F.R. Part 260 (1998)

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APPENDIX

CMP *GREEN VALUE SCORE*© – REPORT

A summary of the Report and/or cover letter should contain the following:

Company Information

Name
Address
City
State
Zip Code
Phone
Fax
Email

Individual Name (person attesting to report)

Signature

Date

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EXAMPLE: CMP *GREEN VALUE SCORE©* REPORT

To the right is an example of a cover letter that should accompany the Report for the Sustainable Manufacturing Underwriting Standard *Green Value Score©*.

Besides including the total amount of credit points awarded on the Standard, the memo should include observations on where the company's products or retailer can most readily achieve additional points given future actions.

CMP *Green Value Score©*
Credit Evaluation Report

<Date>

Ms. Mary Moore
Chief Financial Officer
<Company Name>
<City>, <State> <Zip>

RE: **National Manufacturing / or Retailing**
123 Main Street
<City>, <State> <Zip>

CMP *Green Value Score©* = 53

Dear Mary:

Attached is the Sustainable Manufacturing Underwriting Standard *Green Value Score©* Report detailing each point credit awarded toward the CMP *Green Value Score.*

Overall, the company scored very well and achieved 53 out of the possible 100 points.

Ways to improve the CMP *Green Value Score©* in the future include:

- Increasing the energy reductions and use of renewable energy
- Reducing more pollutants
- Increasing the percent of product reuse
- Certifying additional product lines to leadership sustainable product standards

Please contact me with any questions regarding this report.

Sincerely,

Capital Markets Partnership
1511 Wisconsin Avenue, NW
Washington, DC / 202-338-3131

SUPPORTING SUSTAINABLE INVESTMENT INITIATIVE

Sponsored by:

Hon. Gavin Newsom
Mayor, City & County of San Francisco

Hon. Richard Daley
Mayor, City of Chicago

Hon. Chuck Reed
Mayor of San Jose

Hon. Manuel A. Diaz
Mayor of Miami
President, US Conference of Mayors

Adopted at the 76th Annual Meeting of the US Conference of Mayors,
June 20-24, 2008
Miami

WHEREAS, the Intergovernmental Panel on Climate Change, the international community's respected assembly of scientists, has found that human activities are largely responsible for increasing concentrations of greenhouse gas pollutants in the atmosphere and resulting climate change; and

WHEREAS, the U.S. Conference of Mayors has taken action to combat climate change, including the establishment of the U.S. Conference of Mayor's Climate Protection Agreement, signed by over 830 mayors representing over 79 million Americans; and

WHEREAS, the U.S. building sector is responsible for 48 percent of greenhouse gas emissions in the United States, according to the U.S. Energy Information Administration; and

WHEREAS, the U.S. Conference of Mayors and the American Institute of Architects have called for immediate energy reduction of all new and renovated buildings to one-half the national average for that building type, with increased reductions of 10 percent every five years so that by the year 2030 all new buildings will be carbon neutral; and

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SUPPORTING SUSTAINABLE INVESTMENT INITIATIVE

Page Two

WHEREAS, federal, state and local governments have adopted green building standards for construction of public buildings and many jurisdictions are now expanding green building standards to commercial and residential buildings in their communities; and

WHEREAS, public-private partnerships that utilize market mechanisms to advance green building activity in the US are essential to ensure that environmental building

WHEREAS, major investment banks, institutional investors and governments, led by the City and County of San Francisco and JPMorgan Chase, have worked together to advance the Capital Markets Partnership's Sustainable Investment Initiative that will generate unprecedented market investment in green buildings constructed in the US; and

WHEREAS, this partnership has completed a peer reviewed report called 'Creating Economic Stimulus While Stopping Climate Credit Risk/Irreversibility' that demonstrates that climate induced property damages have caused increases of 100 to 600 percent in insurance rates and also reduced availability of coverage, and have caused rating agencies to conclude that these developments have "serious credit implications"; and

WHEREAS, this report identifies investment products, including mortgage-backed securities exclusively for green buildings, that can be developed to increase investment in green buildings, decrease credit risk in the current investment environment, and help to decrease greenhouse gas emissions from the U.S. building industry; and

WHEREAS, the Partnership will be launching the Green Building Investment Underwriting Standards and Sustainable Mortgage Backed Securities initiatives at the New York Stock Exchange, which will generate in- vestments projected to assist in the building of over two million green buildings and one million certified sustainable products by 2015, add one trillion dollars per year to the economy, and stop/prevent imminent, irreversible and dangerous climate change,

NOW, THEREFORE, BE IT RESOLVED, that the U.S. Conference of Mayors supports the efforts of the Capital Markets Partnership's Sustainable Investment Initiative to generate market investment in high performance green buildings through Sustainable Mortgage Backed Securities that will stimulate the economy and combat climate change, and

BE IT FURTHER RESOLVED, that the U.S. Conference of Mayors encourages additional public-private partnerships to increase market investment in environmental innovation and climate protection.

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