

DOING OUR PART

to grow

Greener Products



IN BRIEF

- Continually improving the profile of our products with our patented **Greenlist™** process
- Sharing the **Greenlist™** process with other organizations
- Partnering for earth-responsible products

With our patented **Greenlist™** process, SC Johnson continues to improve our products and minimize the impact they have on the environment and human health. Also, by participating in efforts such as the U.S. EPA's Design for the Environment program, we continue to ensure product development decisions are made for the next generation.

Informed Choices, Better Products

By developing our groundbreaking **Greenlist™** process in 2001, SC Johnson has been able to classify raw materials considered for use in the company's products according to their impact on the environment and human health.

Today, the **Greenlist™** process provides ratings for more than 95 percent of the raw materials we use, including surfactants, solvents, propellants, insecticides and more. It is a computerized, global system that is integrated with all aspects of the company's product development processes.

Our goal when we began the **Greenlist™** process was that beyond meeting legal and regulatory requirements, we could increase year-on-year the percent of our raw materials that have the least impact on the environment and human health. We started at 12 percent in 2001 and today we are at more than 34 percent.

The **Greenlist™** process has helped SC Johnson achieve a

400 percent

increase in the percentage of our raw materials that are "Best" rated.

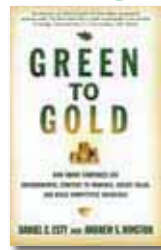
In fact, in just the past year we have improved numerous products by using more materials that are rated "Better" or "Best" for the environment. In 2005/06 SC Johnson used almost 64 million kilograms more "Best" materials than the previous year, and cut our already-low use of the lowest-rated materials by an additional 7 million kilograms.

This progress continues – the **Greenlist™** process enables SC Johnson scientists around the world to make sustainable raw material choices, helping protect the planet and its people while maintaining the high performance of our products.

And, we intend to keep the momentum going. In fact, SC Johnson's newest environmental objectives target continuing, aggressive improvements over the next five years. By 2011, the company hopes to achieve a 34 percent improvement on an already high benchmark.

SUGGESTED

reading



Green to Gold

Yale University scholars Daniel C. Esty and Andrew S. Winston show how some of the world's most famous companies – including SC Johnson – have tackled the issue of sustainability.

“One of the powers of the **Greenlist™** program is that it provides, for the first time, *the opportunity to go beyond doing less bad to doing more good*, or in Five Winds terms, ‘value without burden.’ Another value of the **Greenlist™** program is its flexibility and adoptability.”

– JIM FAVA, PH.D., MANAGING DIRECTOR OF FIVE WINDS INTERNATIONAL
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Honors for the Greenlist™ Process

In 2006, SC Johnson received two Presidential awards for our innovative **Greenlist™** process.

• **Presidential Green Chemistry Challenge Award**

SC Johnson was honored in June 2006 with a Presidential Green Chemistry Challenge Award at the National Academy of Sciences.



The Presidential Green Chemistry Challenge Award

Established in 1996 by the U.S. Environmental Protection Agency, these awards recognize innovative chemical technologies that reduce pollution and improve the environment.

On receiving the award, SC Johnson Chairman and CEO Fisk Johnson noted, “This recognition of our **Greenlist™** process marks the continuation of our long-standing commitment to environmental leadership. From product stewardship, to responsible energy use, to emissions reduction, SC Johnson's efforts are helping to protect the world for future generations.”

• **Ron Brown Award for Corporate Leadership**

SC Johnson received the Ron Brown Award for Corporate Leadership in January 2006 at a White House ceremony. It honors deep commitment to innovative programs that are right for business, people and communities. SC Johnson was recognized for our **Greenlist™** process, through which we continue to lead with responsible raw material choices.



Chairman and CEO Fisk Johnson, accepting the Ron Brown award.

How the Greenlist™ Process Works

The **Greenlist™** process works by rating available ingredients considered for use in our products or reformulations, and making this information accessible to SC Johnson scientists around the globe. This enables them to continuously improve the environmental and human health profile of the company's products while maintaining and improving the high performance of our products. Consumers get a more responsible product along with the performance excellence they trust and expect from SC Johnson.

Through the **Greenlist™** process, each raw material receives a rating from 3 to 0. An ingredient with a 3 rating is considered "Best," 2 is "Better," 1 is "Acceptable" and 0-rated materials are used only on a limited, approved basis when there is not a viable alternative.

Better, Best and Beyond Regulatory Requirements

When SC Johnson scientists create a new product or reformulation, they work to select raw materials rated "Better" or "Best." When existing products are reformulated, the scientist must include ingredients that have ratings equal to or higher than the original formula.

This helps us go beyond regulatory requirements to continually make our products better. While some raw materials with a 0 score are not restricted by government regulatory requirements, over the years SC Johnson

has decided to limit their use. Instead, we have chosen to work toward replacing these 0-rated materials with those that are more biodegradable and have a better environmental or health profile.

Managing Challenges

Of course, like all companies, SC Johnson sometimes faces disappointment in our efforts. In recent months, for example, we partnered with a key supplier and spent nearly \$1 million attempting to replace the 0-rated ingredient Ethylenediaminetetraacetic acid (EDTA) in one of our bathroom care products due to its poor biodegradability.

While we were able to identify a more preferable ingredient, the cost of using the new material increased the end product price for consumers so much that the reformulated product was ultimately rejected by our customers. As a result, EDTA continues to be used while we seek a more viable solution.

Beyond Raw Materials, Too

The **Greenlist™** process was designed to contribute to improved choices not only inside SC Johnson but also in our supply chain. This allows consideration of more sustainable resources, including renewable materials. It also recognizes the value of suppliers that demonstrate a higher level of environmental responsibility, such as that confirmed by ISO 14001 certification.

Validating the Greenlist™ Process

SC Johnson developed the **Greenlist™** process according to rigorous scientific best practice. It was created with input from recognized experts such as the United Kingdom's Forum For the Future and the U.S. Environmental Protection Agency, as well as help from suppliers, university scientists and other organizations. In this way, we ensured the criteria used for rankings were meaningful, objective and valid.

In addition, SC Johnson continues to validate and improve the **Greenlist™** process. It has been scientifically reviewed by organizations such as the Society of Environmental Toxicology and Chemistry, and World Wildlife Fund. We recently received third-party validation of the **Greenlist™** process from the Green Chemistry Institute, a division of the American Chemical Society devoted to promoting and advancing green chemistry.

In 2005/06, SC Johnson cut our already-low use of the lowest-rated materials by an additional

7,000,000
kilograms.



DOING OUR PART
for Generations

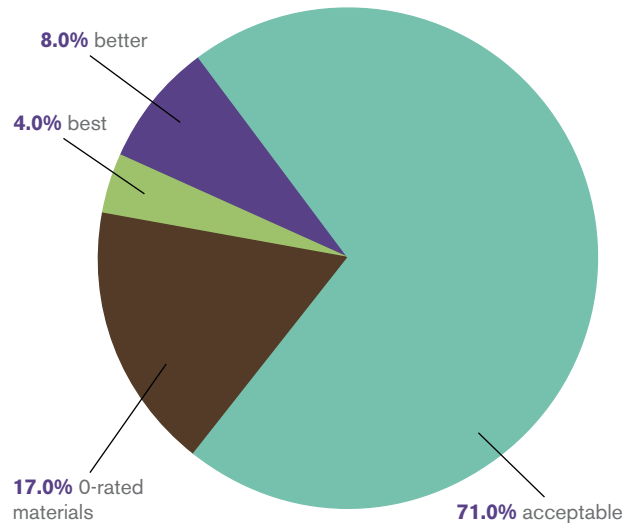
More than 30 years ago, Sam Johnson took the bold step of removing CFCs from SC Johnson products three years ahead of the 1978 U.S. mandate. Today we continue to go beyond regulatory requirements. For example, in 2002 we phased out 100 percent of chlorine-based external packaging worldwide.

Total Environmental Classification Score *Using the Greenlist™ Process*

In our drive for continuous improvement, here are SC Johnson's results for the 2005/06 fiscal year.

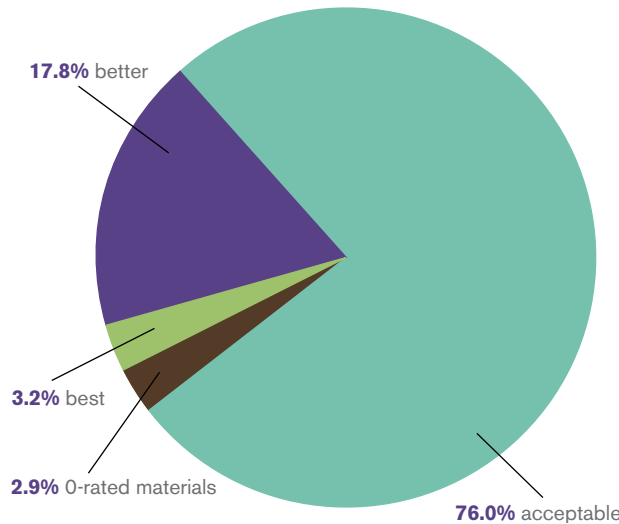
Baseline 2000/01

(kg of raw material by EC, 5 base categories)



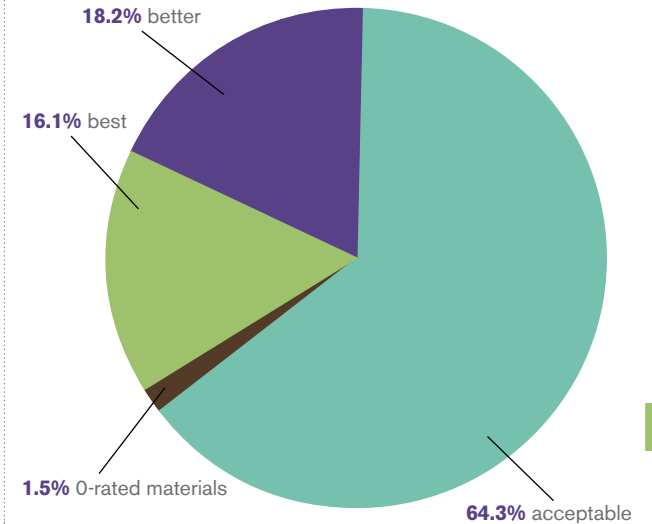
Results for 2005/06

(kg of raw material by EC, 5 base categories)



All Categories 2005/06

(kg of raw material by EC, 17 base categories)



The Greenlist™ Process *Results*

While the **Greenlist™** process is key to developing new products that are environmentally responsible, it also plays a vital role in the continual improvement of existing product formulas. Here are a few examples:

- Reformulated **Pledge®** aerosols in Europe to use compressed air as the propellant, reducing the VOC content by more than 25 percent.
- Reformulated **Raid®** ant powder worldwide with a new active ingredient to eliminate the use of the 0-rated insecticide propoxur.
- Phased out chlorine-based external packaging worldwide, including bleached paperboard containers and bottles made of polyvinyl chloride (PVC).
- Reformulated the European product **Mr. Muscle® Shower Shine®** bathroom cleaner with a new cleaning ingredient that provides increased biodegradability – 98 percent in standard tests.
- Reformulated the North American product **Windex®** glass cleaner to replace a 0-rated solvent, removing 1.8 million pounds of VOCs and increasing cleaning power by 30 percent.
- Reformulated **Pledge® Multi Surface** cleaner globally to increase biodegradability and reduce VOCs, while at the same time increasing cleaning power by 30 percent.



Sharing the Greenlist™ Process

In February, SC Johnson named Five Winds International as the company's third-party administrator to license our patented **Greenlist™** process to other companies royalty-free. Under the agreement, Five Winds will work with companies interested in licensing the **Greenlist™** process to improve the environmental profile of their products.

"SC Johnson is very pleased with this partnership because we will now easily be able to share the **Greenlist™** process to help other companies measure and improve the environmental impact of their products," said Scott Johnson, Vice President of Global Environment and Safety Actions for SC Johnson. "We're committed to environmental leadership and to the principle of sharing our sustainability practices so other companies can adapt or adopt our learnings into their operations."

It's About Transparency

18 Sharing the **Greenlist™** process with other companies is one more way SC Johnson continues to uphold the sustainability principle of transparency. Because the **Greenlist™** process is highly flexible and adaptable, companies licensing the **Greenlist™** process will be able to adapt the patented process to reflect their own unique chemicals and materials.

The companies will also get a proven management system for establishing, evaluating and reporting on performance against measurable objectives. Companies

looking to license the **Greenlist™** process must be willing to establish measurable goals and report on them annually. As part of the collaboration, in addition to evaluating and recommending potential licensee candidates to SC Johnson, Five Winds International will extensively train participating companies on the **Greenlist™** process and its implementation.

The Greenlist™ Process Adds Value

As it does for SC Johnson, the **Greenlist™** process would add value to licensed users. From a consumer perspective, it helps consumers determine among the leading product choices which ones provide the best performance and cost while being formulated with environmentally responsible ingredients.

From a retailer perspective, the **Greenlist™** process enables retailers to know they are providing environmentally responsible products that really work, and products that are a good value for the consumer.

And when it comes to innovation, the **Greenlist™** process particularly shines. Naturally, it can be used to identify and use new raw materials that are better for the environment. But equally important, it can help identify synergies between materials to make products that work better with fewer ingredients. This not only can enhance product performance and increase the environmental and health profile of a product, it also can result in reduced costs.

"By approaching their operations with green chemistry in mind, companies have successfully stopped using, literally, billions of pounds of hazardous substances. That's amazing, but it's only a fraction of what is possible."

– PAUL ANASTAS, DIRECTOR OF THE CENTER FOR GREEN CHEMISTRY AND GREEN ENGINEERING AT YALE
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What We Track

The **Greenlist™** process provides ratings for more than 95 percent of the raw materials in SC Johnson's products, from **Mr. Muscle®** household cleaners, to **Glade®** air fresheners, to **Ziploc®** brand plastic bags. Among the ingredient categories we have rated are:

- chelants
- colorants
- dyes
- fragrances
- inorganic acids and bases
- insecticides
- non-woven fabrics
- packaging
- propellants
- preservatives
- resins
- solvents
- surfactants
- thickeners
- waxes

Company scientists are working on additional categories as well. Each category of raw materials is judged based on four to seven key criteria such as biodegradability and toxicity. **Greenlist™** scores also take into account whether suppliers demonstrate high environmental performance, such as receiving ISO 14001 certification.



Designing for the Environment

Less than two years after SC Johnson became the first major consumer packaged goods company to partner with the U.S. Environmental Protection Agency's Design for the Environment (DfE) program, five SC Johnson products have been named DfE partnership products.

The DfE program encourages individual companies and industry sectors to compare and improve the performance, human health profile and environmental responsibility of products, processes and practices.

Partnership Products

SC Johnson's initial partnership products last year included **Shower Shine® Daily Shower Cleaner** by **Scrubbing Bubbles®** and **Scrubbing Bubbles® Soap Scum Remover with Orange Action™**.

This year, SC Johnson added all sizes and refills for **Shout®** trigger laundry stain remover, as well as **Shout™ Citrus Action®** stain remover and **fantastik® Oxy Power™** multipurpose cleaner.

The wide-ranging DfE partnership recognizes SC Johnson's long-standing commitment to strive to formulate its products with environmentally preferable ingredients. It also makes provisions for the company to work with EPA chemists, environmental scientists and risk reduction staff in investigating materials that can further improve the health and environmental profiles of the company's products.

Labeled for Recognition

As a result of being partnership products, the SC Johnson items may carry the DfE logo, which helps consumers identify products that have a more positive health and environmental profile than those typically found in many conventional cleaning products.

"SC Johnson is very pleased to be able to continue the DfE partnership with the EPA as it underscores our long-standing commitment to bring consumers environmentally responsible products that work," said Scott Johnson, SC Johnson's Vice President of Global Environment and Safety Actions. "We encourage more companies to become involved in the DfE program and to integrate more environmentally responsible solutions into everyday business practices."



“The **Greenlist™** process has helped our team identify and prioritize alternative, renewable materials to evaluate both performance in the product and impact on the product’s environmental footprint.”

– MIKE, JEFF AND JIM



Pictured above, left to right, are Mike Colucci, Research Associate; Jeff Zettle, Senior Research Scientist and Jim Pawloski, Research Associate.



Because our **Greenlist™** process is part of the company’s formal product development system, its use goes beyond policy: A product cannot be developed without evaluation by the **Greenlist™** process. As an additional matter of policy, raw materials used for reformulation must have a better **Greenlist™** rating than the original version of a product, and 0-rated raw materials can only be used when there is not another viable option and when management approval is gained.

Photo by John Neinhuis.

Partnering for Sustainable Cleaning

Last fall, SC Johnson also achieved Charter for Sustainable Cleaning membership with the International Association for Soaps, Detergents and Maintenance (A.I.S.E.), a European-based international association of companies in the soaps, detergents and maintenance products industry.

Accreditation Underlines Commitment Accredited membership in the voluntary Charter program shows SC Johnson’s commitment to applying sustain-



ability thinking at every phase of the product lifecycle, starting with product design and continuing through manufacturing, use and disposal. The accreditation underlines SC Johnson’s long-standing commitment to formulating its products with more environmentally preferred ingredients.

“The Charter for Sustainable Cleaning is a significant, Europe-wide initiative to improve the detergent industry’s sustainability profile,” noted A.I.S.E in the press release about SC Johnson’s membership.

As part of participation, packaging for SC Johnson’s products may display the Charter logo, which helps consumers know the products were produced with a focus on improvements in human safety, environmental responsibility and other key aspects of sustainability, without compromising product performance.



“We welcome *SC Johnson’s decision to join the Charter [for Sustainable Cleaning]*, thereby adding to the significant number of companies participating in this programme, and further *strengthening the whole industry’s ongoing commitment to making sustainable development a reality across a wide range of activities.*”

– FROM A.I.S.E IN A PRESS RELEASE ON THE ANNOUNCEMENT OF SC JOHNSON’S PARTICIPATION IN THE CHARTER

Participation Requires an Audit

Companies that market or distribute soaps, detergents, maintenance products or cleaning systems in the 25 European Union countries, Iceland, Norway and Switzerland are eligible to apply for the Charter. Members voluntarily commit to delivering continual improvements that will benefit human health and the environment by creating less waste, using fewer resources and emitting fewer greenhouse gas emissions.

Importantly, every Charter for Sustainable Cleaning member must pass a Charter "Entrance Check," which is an on-site audit that verifies company practices adhere to Charter principles. In addition, to maintain our participation in the Charter, each year SC Johnson submits environmental performance data to A.I.S.E., to further demonstrate continual improvement.

As part of SC Johnson's ongoing commitment to the **Greenlist™** process and programs like the Charter, we have successfully increased the number of readily biodegradable surfactants used in many of our products including **Mr. Muscle® Shower Shine®** bathroom cleaner and **Mr. Muscle®** kitchen cleaner. Readily biodegradable ingredients must biodegrade by at least 60 percent within 28 days. These **Mr. Muscle®** cleaning products now biodegrade by 90 percent or more.



LEARN MORE

SC Johnson's web site includes information on the **Greenlist™** process and other topics. Visit us at www.scjohnson.com



SC Johnson's **Greenlist™** process provides ratings for

17

categories

of ingredients,
from dyes to solvents.

These *Aren't* in Our Products

When a raw material has a **Greenlist™** rating of 0, scientists at SC Johnson make real efforts to avoid using it.

Compliance with all legal and regulatory requirements is where we start. Although many of these low-rated materials are not restricted by government regulatory requirements around the world, over the years SC Johnson has tried to limit their use because we believe it's the right thing to do.

We generally choose to replace these 0-rated materials with other options that are more biodegradable, safer for human health or have a better environmental profile.

Here are a few examples:

- In 1993, we eliminated **paradichlorobenzene (PDCB)** in toilet products because it affects ozone in the upper atmosphere and is also a water contaminant that may accumulate in the food chain.
- In 2002, we eliminated **polyvinyl chloride (PVC)** from our packaging because it is not biodegradable and has been linked to health problems and other issues.
- Also in 2002, we eliminated **chlorine-bleached paperboard packaging** because the chlorine can cause contamination of air and water.
- In 2004, we eliminated the organophosphate insecticide **DDVP** because of links to human health and environmental risk.
- In 2006, we eliminated another insecticide, **propoxur**, because of its toxicity and persistence in the environment.

Best Practices of Product Stewardship

- **Institutionalized processes** – a formal process like our **Greenlist™** process enables tracking and brings rigor and consistency to stewardship efforts.
 - **Support for the system** – incentives and consequences drive usage and reporting of results.
 - **Transparency** – a system that allows clear and simple tracking of product stewardship progress
 - **Sharing the learnings** – by transmitting insights throughout the supply chain, positive impact can be multiplied exponentially.
- makes it easier to validate and to gain buy-in from those who implement it and are affected by it.

Q&A

Thoughts from an Expert...

Five Winds International is one of the leading management consulting firms focused on helping organizations improve the economic, environmental and social performance – the sustainability – of their operations, products and services. SC Johnson recently named Five Winds International as the company's third-party administrator to license the **Greenlist™** process to other companies royalty-free.

A Q&A WITH JIM FAVA, PH.D.,
MANAGING DIRECTOR OF FIVE WINDS INTERNATIONAL



What is the *single most important thing* companies should be doing over the next 10 years to operate more sustainably?

Companies should collaborate to manage the environmental and social footprint of the entire value chain, not just their individual positions within it. While companies have made a solid effort to understand and improve the footprint associated with their own operations, the most important thing a company can do over the next 10 years is to have a fact-based understanding of the entire impact they have over their value chain, and then take action in situations where those impacts are deemed unacceptable.

As we in the developed world continue to source product and raw materials from the developing world, we have a unique opportunity to use our financial and economic power to influence the environmental and human rights practices of our suppliers. Working with major suppliers and even second-tier suppliers to identify opportunities to improve their social practices is a powerful, positive influencing force to drive triple bottom line thinking throughout the supply chain.

From your perspective, what are the *most significant current trends* in sustainable best practices?

Greenhouse gas management and energy security. With the increased attention, concern and commitment to addressing climate change, the most significant current trend is to understand market and regulatory requirements. Knowing how to effectively manage your climate change risks and opportunities is an important aspect of staying competitive. Will you have the energy to power your manufacturing sites? Will you have the basic feedstock materials to provide your raw materials? Are bio-based materials and energy sources really sustainable in the long term?

An excellent example is SC Johnson's waste-to-energy system at Waxdale – it's good for the economy, environment and community. The ability to manage your GHG emissions and ensure energy security are fundamental to ensuring a sustainable business.

What are the *biggest challenges* that need to be overcome, and what will it take to overcome them?

Educating the consumer is the most challenging prospect. We need to empower individuals to take action. Individuals called to action are a powerful force. Each one alone wants to do the right thing but feels powerless to accomplish anything. Yet, together, they can create a societal change.

What role does *best practice sharing* have on the future of sustainability, and what makes it work?

Collaboration is one of the keys to lasting systemic change. But sometimes it is hard to share “best practices” with others in different geographies and cultures. What often works is sharing performance expectations and possible ways of achieving them, and then letting each group develop their own practices appropriate to their customs and language.

Five Winds will be helping SC Johnson *share its Greenlist™ process with other companies*. How do you expect this to affect other companies?

We expect the impact of **Greenlist™** on product design and material sourcing to be significant. **Greenlist™** relies on the collaborative identification of preferred materials while protecting the intellectual property of the formulators and designers.

We have been working for years to identify our environmental footprints and then develop solutions to reduce those impacts – in other words – to do less bad. One of the powers of **Greenlist™** is that it provides, for the first time, the opportunity to go beyond doing less bad to doing more good, or in Five Winds terms, “value without burden.” Another value of the **Greenlist™** process is its flexibility and adoptability.

Other companies that are interested in licensing **Greenlist™** will have a patented process that can be modified to reflect the companies' own unique chemicals and materials, which at the same time serves as a proven management system for establishing, evaluating and reporting on performance against measurable objectives. From my perspective, **Greenlist™** is one of the most exciting breakthroughs in sustainability over the last few years.

What *advice do you have for other companies* that want to develop and share best practices?

Sustainability is a journey. Each company or individual is going to be at a different level of knowledge and awareness of their sustainability issues. Before one approaches a vendor, site manager or customer, it is important to understand their current knowledge – for example, if a manager has never had to deal with environmental issues, asking that person to design parts with a reduced environmental footprint might be too big a leap. Sharing practices that will help evaluate and understand the risks to the environment from their current operations would be a value. As they continue to learn, moving along a journey that includes further incorporation of environmental and social considerations into their operations, new product innovation, marketing and procurement business practices will follow.