

Click to Insert Facility Name

The Right Track

Making the Case for Performance Track Membership





What is Performance Track?

- U.S. EPA voluntary program that recognizes and rewards environmental leaders that go beyond compliance
- Launched in mid-2000; over 530 members as of February 2008



**Built on Experience;
Designed for the Future**

- EPA has learned from previous partnership programs
- Looking forward:
 - Serves as the benchmark for performance-based environmental programs that produce results beyond compliance
 - Maximizes environmental and economic performance
 - Addresses issues not covered by regulation


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Performance Track was built on solid experience gained at EPA, in the states, and elsewhere in the area of voluntary environmental program design and implementation. The program builds on lessons learned from previous efforts (such as Star Track, Environmental Leadership Program, and Project XL) and aims to strike a balance between providing the flexibility necessary to encourage membership and requiring the rigor necessary to ensure that facilities are worthy of the benefits that they are afforded as members.

Talking Points:

- The program is voluntary.
- The program is open to public and private facilities of all sizes.
- The program is distinctive in allowing members to determine what environmental indicators they need to improve.
- The program closely collaborates with state programs. Memorandums of Agreement have been signed with 12 states thus far to encourage dual credit for environmental goals and paperwork reduction; almost 30 states either already have similar performance-based environmental programs or are working on implementing such a program.
- The program operates on the facility level, working to build effective partnerships between facility management and EPA.
- Members set quantitative goals and report on their progress annually.

Entry Criteria for Performance Track

- Operational Environmental Management System (EMS) in place
- History of sustained compliance
- Commitment to continuous environmental improvement
 - 3-year measurable goals for improved environmental performance
- Demonstrated commitment to public outreach

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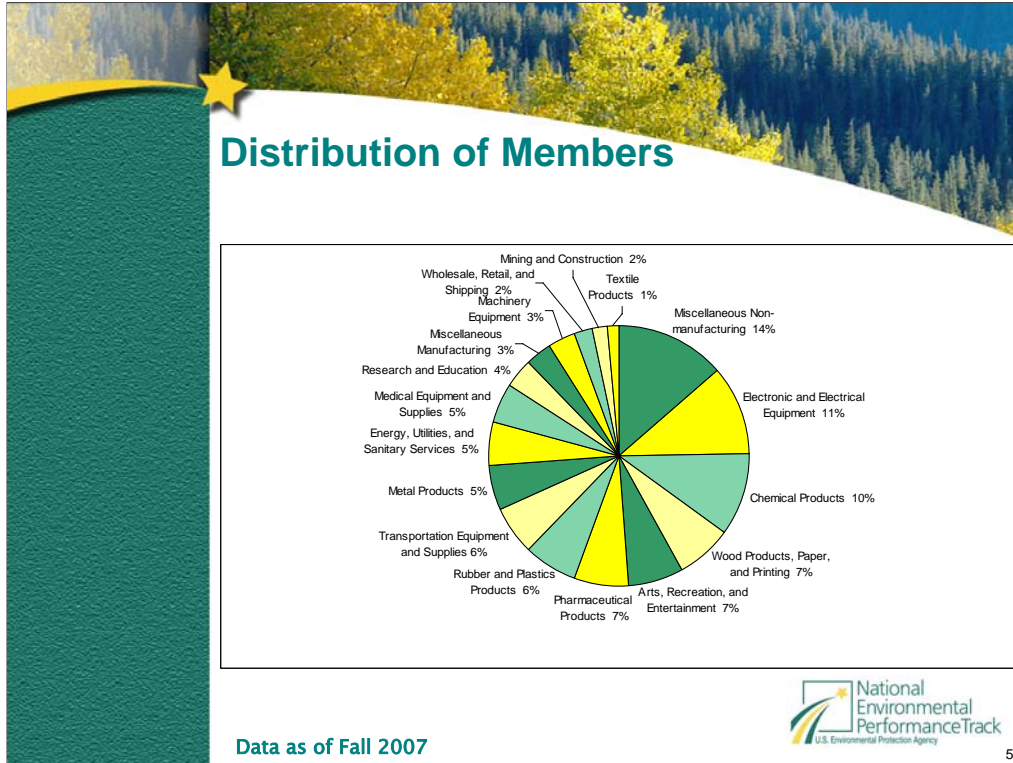
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-EMS: An EMS must be in place for at least one full cycle (typically one year).

-Sustained Compliance: A history of sustained compliance includes no criminal convictions or pleas for an environmental-related offense within the last 5 years, no ongoing investigations/prosecutions/litigations for environmental offenses, and no Significant Non-Compliance (SNC) or High Priority Violation (HPV) issues.

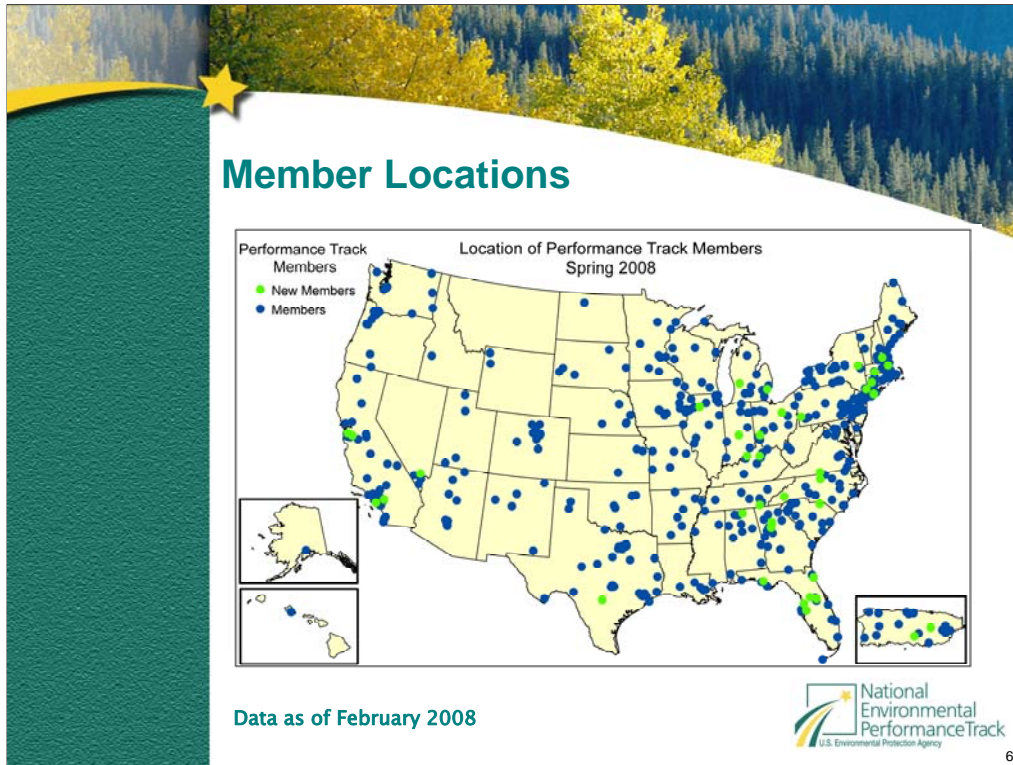
-Continuous Improvement: Large facilities are required to identify 4 goals for environmental improvement over a 3-year period, while small facilities (< 50 employees) are only required to select 2 goals.

-Public Outreach: Public outreach includes the submission of an Annual Performance Report (APR) that describes a facility's environmental accomplishments during the previous year.



Performance Track Members represent a wide range of public and private entities, including the following:

- 14% Miscellaneous Non-manufacturing
- 11% Electronic and Electrical Equipment
- 10% Chemical Products
- 7% Wood Products, Paper, and Printing
- 7% Arts, Recreation, and Entertainment
- 7% Pharmaceutical Products
- 6% Rubber and Plastics
- 6% Transportation Equipment
- 5% Metal Products
- 5% Energy, Utilities, Sanitary Services
- 5% Medical Equipment and Supplies
- 4% Research and Education
- 3% Miscellaneous Manufacturing
- 3% Machinery Equipment
- 2% Wholesale, Retail, and Shipping
- 2% Mining and Construction
- 1% Textile Products



The distribution of Performance Track members is also geographically diverse. Performance Track has participants from 49 states and Puerto Rico.

EPA has entered into Memoranda of Agreement (MOAs) with 12 states to promote collaboration and to recognize and reward environmental leaders. (The states signing MOAs are Colorado, Georgia, Maine, Massachusetts, Mississippi, Missouri, Tennessee, Texas, Utah, Virginia, Washington, and Wisconsin). Some of the common activities that EPA and the states have agreed to in recently signed MOAs include:

- Coordinating the application processes
- Synchronizing the development and delivery of incentives
- Identifying a high-level point of contact in each program
- Producing marketing tools and co-managing recruiting and recognition events

Sample Performance Goals

- Waste – Rohm and Haas (Marlborough, MA): 33% reduction in per-batch use of acetone
- Air Emissions – Xanterra Parks and Resorts (Death Valley, CA): 20% reduction in greenhouse gas emissions
- Materials Use – New Hampshire Ball Bearings (Peterborough, NH): 30% reduction in oil use
- Water Use – McNeil PPC (Lititz, PA): 24% reduction in water use

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This slide provides a sample of some of the goals that Performance Track members have made to improve their environmental performance with respect to waste, air emissions, materials use, water use, and land preservation/restoration.

2007 Program-Wide Cumulative Improvements

- Energy use reduced by 4.3 million MMBtus
- Water use reduced by 5.2 billion gallons
- Land conservation of 16,800 acres
- Greenhouse gas emissions reduced by 310,000 tons
- Hazardous waste reduced by 52,000 tons

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Together, Performance Track members are making a difference! Since the program's inception, Performance Track members have achieved these improvements in energy use, water use, land conservation, greenhouse gas emissions, and hazardous waste generation.



“Performance Track provides a systematic approach to environmental management and a valuable method for highlighting our accomplishments to customers, communities, governments and all other stakeholders. Through the implementation of the Performance Track program at Motorola, we have seen improvement across the environmental, economic, and social factors that comprise the triple bottom line.”

-Matt Norton, Environmental, Health, and Safety, Motorola, Inc.





What Can Performance Track Do For You?

- Reduce costs
- Distinguish your facility
- Provide public recognition
- Facilitate networking with peers and EPA
- Leverage growing trends towards integrated economic, social, and environmental practices



Reduce Costs

- Performance Track’s first rulemaking reduces the burden of RCRA and CAA compliance
- MOAs with state programs reduce paperwork and facilitate joint participation
- NPDES permit renewal process is expedited for members
- Members will benefit from forthcoming burden reduction rules and state MOAs
- Environmental performance commitments can result in cost savings



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- Rule #1: The rule allows Performance Track members that are hazardous waste generators up to 180 days to accumulate hazardous waste without a Resource Conservation & Recovery Act (RCRA) permit or interim status, simplifies reporting for members that are governed by Maximum Achievable Control Technology (MACT) provisions of the Clean Air Act (CAA), and modifies reporting for Publicly Owned Treatment Works (POTWs) regulated by the Clean Water Act (CWA).
- MOAs with States: EPA’s Performance Track program is working with state partners to streamline program application and reporting processes, reduce member administrative burdens, and deliver meaningful incentives, such as more favorable terms on Clean Water State Revolving Fund loans. EPA has signed a Memoranda of Agreement (MOA) with 12 states (Colorado, Georgia, Maine, Massachusetts, Mississippi, Missouri, Tennessee, Texas, Utah, Virginia, Washington, and Wisconsin) to help achieve these goals.
- Expedited NPDES permit reviews: Performance Track staff are working with EPA’s Office of Water to finalize a process to expedite the review of NPDES permits held by Performance Track members.
- Flexible Air Permit Developments: EPA is developing flexible air permits for Performance Track members that are “major sources.” The flexible permits typically include provisions that approve in advance process changes that would otherwise require a major permit modification.
- Proposed RCRA Rule: This regulation provides Performance Track RCRA facilities the opportunity to reduce self-inspections of certain types of hazardous waste units from daily or weekly to monthly.
- Other regulatory efforts under development include opportunities for balancing NPDES effluent and ambient monitoring by Performance Track facilities with the goal of providing more useful data for assessing the health of their watersheds, and changes to the Office of Water’s Multi-Sector General Permit for storm water in non-delegated states such that Performance Track facilities would conduct benchmark monitoring for two quarters rather than four during the five-year permit term.

Imagine the Savings

Member	Action	Cost savings	Environmental Benefit
Rohm and Haas Electronic Materials	Installing high-efficiency motor controllers	\$49,000 annually	Reducing annual energy use by about 3.7 billion British Thermal Units
Hewlett Packard Caribe	Developing a rigorous program to recycle and reuse waste	\$1 million annually	Diverting 85 percent of solid waste from the landfill
Baxter Healthcare Corporation	Adopting new efficient technologies	\$8 million in 2005	Reducing energy use and associated greenhouse gas emissions by 6 percent per unit of production



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Rohm and Haas Electronic Materials (Marlborough, Massachusetts) replaced seven burner control sections with high-efficiency motor controllers. The project will generate approximately \$49,000 in cost savings per year while reducing annual energy use by about 3.7 billion British Thermal Units (Btus).

Hewlett Packard Caribe (Aguadilla, Puerto Rico) nets \$1 million annually through an-site company that helps the facility find additional opportunities to recycle and reuse wastes. The facility diverts 85 percent of its solid waste from the landfill.

Baxter Healthcare Corporation, a Performance Track Corporate Leader, saved \$8 million in 2005 by adopting new technologies to reduce its energy use—and associated greenhouse gas emissions—by 6 percent per unit of production, compared with 2004 levels. Baxter saved another \$6.9 million in 2005 by reducing its generation of non-hazardous waste, and \$3.5 million by reducing product packaging.



Imagine the Additional Savings
Former Administrator Leavitt signs first PT rule



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EPA is making changes to its regulatory programs by offering various incentives to facilities that join the Performance Track program. Performance Track members' history of strong compliance, commitment to measurable improvement, and effectiveness in environmental management distinguishes them from other regulated facilities, and EPA believes they should be eligible for special benefits. In recognition of these efforts, Former EPA Administrator Mike Leavitt signed the first Performance Track Rule on April 14, 2004.

The first Performance Track rule reduces the frequency of reports required under the Maximum Achievable Control Technology (MACT) provisions of the Clean Air Act (CAA). Through this incentive, EPA reduces the frequency of MACT reporting for all Performance Track facilities to which these requirements apply. The rule also permits alternative, and streamlined, reporting requirements for Performance Track facilities that achieve MACT or better emission levels. In addition, the rule extends on-site storage times for hazardous wastes in certain types of units as mandated by the Resource Conservation and Recovery Act (RCRA). Specifically, this provision allows large quantity hazardous waste generator members of Performance Track up to 180 days (and 270 days if the waste is transported 200 miles or more) to accumulate hazardous waste without a RCRA permit or interim status, provided that these generators meet certain conditions. These provisions will allow Performance Track members to save time and money, enabling participants to focus their efforts on innovation and continuous improvement.

Distinguish Your Facility

- Facility memberships
 - Savings, recognition, and networking occur at the facility level
- Quantifiable results foster recognition
 - Motorola (3 member facilities) uses Performance Track to differentiate amongst its facilities
 - Interface, Inc. (3 member facilities) uses Performance Track membership as a prerequisite for facility environmental awards


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Unlike other EPA programs, Performance Track focuses on individual facilities rather than corporations. This means that each facility enjoys the benefits of membership. Facilities can receive recognition from EPA and affiliated state programs, as well as within their companies, as they raise the bar for environmental performance and generate positive public relations.

Provide Recognition

- Performance Track logo for use by members
- Recognition letters sent to elected officials for members
- Trade association journal articles highlight members
- Promotion via the Performance Track Endorser Network
- Recognition on the Performance Track web site
- Performance Track Corporate Leaders designation recognizes corporate environmental excellence


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- The Performance Track Logo: The logo is designed to allow members to tell the public about the Performance Track program and their facility's membership. Facilities can use the logo in facility-specific materials, including brochures, newsletters, annual reports, speeches, articles, web sites, and other print or electronic media. EPA provides a number of resources and templates to facilitate outreach efforts.

- Elected Official Letters: Performance Track will send letters to your elected representatives at the local, state, and national levels. Performance Track has also sent letters at the request of members to major customers.

- Trade Journal Articles: Performance Track writes articles about its members for trade association journals.

- Performance Track Endorser Network: EPA collaborates with select national trade associations, nongovernmental organizations, and professional organizations to inform them about Performance Track and the benefits of membership.

- Performance Track Web Site: All Performance Track members are listed on the EPA Performance Track web site and in an annual membership directory. GreenBiz.com also includes Performance Track members in the Greenbiz Leaders database, which recognizes companies with impressive environmental performance. EPA also periodically highlights Performance Track members who have been featured in the news on their web site.

- Performance Track Corporate Leaders: To recognize and encourage companies that demonstrate an exceptional corporate-wide commitment to environmental stewardship and continuous improvement, EPA established the Performance Track Corporate Leader designation. Performance Track Corporate Leaders have a positive influence on their peers and competitors, and extend that influence across their value chain from suppliers to customers. EPA will designate a select number of Performance Track Corporate Leaders each year for a five-year membership.



Provide Recognition at the FACILITY LEVEL

2007 Outreach Awards

- Virginia Performance Track Member Outreach Group (Dupont, Spruance Plant; Lockheed Martin, Manassas; International Paper, Raulston)
- Brookhaven Science Associates (Upton, New York)
- Coca-Cola North America's Ontario Syrup Plant (Ontario, California)
- Forever Resorts Black Canyon/Willow Beach River Adventures (Boulder City, Nevada)
- Arizona Chemical Company (Port St. Joe, Florida)

2007 Environmental Performance Awards

- McNeil, PPC (Lititz, Pennsylvania)
- Siltronic Corporation (Portland, Oregon)
- DENSO Manufacturing Michigan, Inc. (Battle Creek, Michigan)
- Montenay Bay, LLC (Panama City, Florida)

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Each year at the Performance Track Annual Event, the program bestows several awards upon select members with outstanding performance in certain areas. Outreach awards are conferred to member facilities for their exemplary efforts in promoting the Performance Track program to facilities and the public. The Environmental Performance Awards are awarded to facilities that have demonstrated exemplary environmental performance during their membership in the program.

Unlike most awards presented to members of EPA programs, these awards are conferred at the facility level. The 2007 award recipients are listed on this slide.

Imagine the Recognition

- Since Performance Track's inception:
 - Almost 560 articles, news stories, and media clips have featured Performance Track
 - Over 5.4 million hits have been logged on the web site
 - The total impressions of articles published in 2007 alone was 3,127,882

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In 2007, there were 121 articles that highlighted Performance Track, the activities of members, and milestones for the program. The total impressions of these articles was 3,127,882. These impressions were made in daily newspapers, trade publications, and association and network partner publications.



Networking Opportunities

- The Annual Member Event – recognition, networking, and access to EPA leaders
- Regional Roundtables – promoting knowledge exchange between members
- Teleseminars – allowing members to learn best practices from experts
- Mentoring Program – connecting potential and current members with environmental leaders
- PTrack News – featuring the accomplishments of members on a monthly basis

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Performance Track offers several opportunities for members to network with others. Again, because this is a facility based program, individual facility representatives can network with regional and federal regulators at a wide variety of events and teleseminars. In addition, Performance Track designs teleseminars and roundtables to encourage information transfer between members in the same region and/or in the same industrial sector.

- EPA Annual Member Event: EPA hosts an annual event to recognize the achievements of all Performance Track members and partners, and to facilitate networking with fellow members and EPA officials. At the event, new members have the opportunity to meet and be photographed with the EPA Administrator and other high-ranking officials.

- Regional Roundtables: Performance Track regional staff coordinate roundtables at various times throughout the year to give members the opportunity to meet each other and their regional EPA officials.

- Teleseminars: Presented by members and outside experts, teleseminars feature leadership practices in environmental management and related disciplines that can help you improve or modify your own operations. These bimonthly seminars also give EPA an opportunity to inform Performance Track members about other innovative EPA programs.

- Mentoring Program: The Performance Track mentoring program helps both program applicants with the application process and current members with their environmental programs.

- P-Track News: The program's bi-monthly newsletter includes feature articles about how Performance Track members are improving their environmental performance.

**Imagine the Networking:
Teleseminars**

- EPA conducts multiple teleseminars a year focusing on a wide variety of environmental issues relevant to Performance Track members
- Speakers include EPA and other government agency staff, academics, non-governmental organizations, and industry representatives


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The teleseminars provide Performance Track members with instruction from experts on best practices in environmental management. The list below highlights some of the teleseminar topics covered through 2007.

- Third-Party Assessments Leading to Environmental Improvements
- A Climate for Change, A Time for Action
- The Value of Corporate/NGO Partnerships
- Performance Track Incentives Hold Value for Members
- Taking the Challenge: Performance Track Challenge Goals
- LEED Certification for Buildings
- Putting The Chicago Climate Exchange to Work for You
- Quantifying EHS Programs: 10 Intangible Value Drivers that Promote the Bottom Line
- Everything You Wanted to Know About RCRA, but Were Afraid to Ask
- How Life-cycle Assessments Can Help You
- Green Power and Green Suppliers Network
- Lean Manufacturing and Environmental Performance - EPA and Lean Manufacturing
- Working Within Your Watershed: Three Performance Track Members Share Their Experiences
- SmartWay Transportation Partnership
- Celebrating National Wetlands Month: EPA's Five Star Restoration Program
- How Facilities can Partner with Environmental NGS
- Linking Performance Track Members with P2 Experts

Leverage Emerging Trends

- Corporate environmental and social responsibility is now tied to corporate performance
 - Investment Valuation (e.g., KLD, Innovest, Calvert, Trucost, Dow Jones Sustainability Index)
 - Risk Valuation (e.g., Lloyds' TSB for credit ratings)
- More and more companies are publishing corporate responsibility reports highlighting energy, environmental, and social actions
- Some companies believe that a corporate culture of sustainability has the power to motivate employees and attract consumers

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Investment research and advisory firms are increasingly considering environmental and social performance as an indicator to evaluate and rate companies. Four leading financial firms, Calvert Group, Innovest Strategic Value Advisors, KLD Research & Analytics Inc., and Trucost Plc all use Performance Track data in their research methods. These companies find the Performance Track data to be one effective way to assess a company's value and overall environmental performance.

A 2005 survey by KPMG found that 52% of the world's largest 250 companies now produce reports on environmental and social issues, compared to 45% in 2002 and 35% in 1999.

Financial lending institutions like Lloyds' TSB* are considering a company's environmental management in developing their evaluations of company credit ratings.

* "Lloyds' TSB feel that by understanding the environmental risk the business faces and the measures it puts in place to counter those risks, the bank is better placed to assess a customer's all-around credit-worthiness." A quote from an article titled, "The Environment and the Finance Sector." Available from the Environmental Protection Authority of Victoria, Australia on the Internet at www.epa.vic.gov.au/programs/unep/finance_sector.asp.

Imagine the Results

- Sixteen companies with Performance Track member facilities were named to Innovest's 2008 G100 index of the 100 most sustainable corporations in the world:
 - Atlas Copco
 - BASF
 - Baxter International
 - Coca Cola
 - DENSO
 - Eastman Kodak
 - Hewlett-Packard
 - Intel
 - LaFarge
 - L'Oreal
 - Nestle
 - Novozymes
 - Ricoh
 - Roche
 - Swiss Reinsurance
 - Toyota

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Investment research and advisory firms are considering environmental performance as an indicator in evaluation of companies. Innovest Strategic Value Advisors, a leading firm with specialty in this area, named 16 companies with Performance Track member facilities to their G100 index of the 100 most sustainable corporations in the world.



Global consumer markets and the investment community are driving a trend in the business world towards recognizing the financial benefits of sustainable environmental management. Investors are beginning to associate strong environmental performance with quality management, which is considered a strong proxy for return-on-investment in the financial sector. Simultaneously, companies have moved towards sustainable environmental management to reduce risks and uncover opportunities for potential savings and new business development. As an example of the benefits of sustainable environmental management, this slide shows the relative performance of the Dow Jones Sustainability Index (DJSI) compared to the **Morgan Stanley Capital International (MSCI) Inc. World Index** from December 1994 through December 2007.



“Performance Track underlines the fact that companies that reduce their pollution run more effectively and more profitably.”

-Andrew Jacobs, President/Owner, Ideal Jacobs Corporation

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