

*Performance Track
Third Annual Progress Report*

Growth &
Renewal

Location of Performance Track members

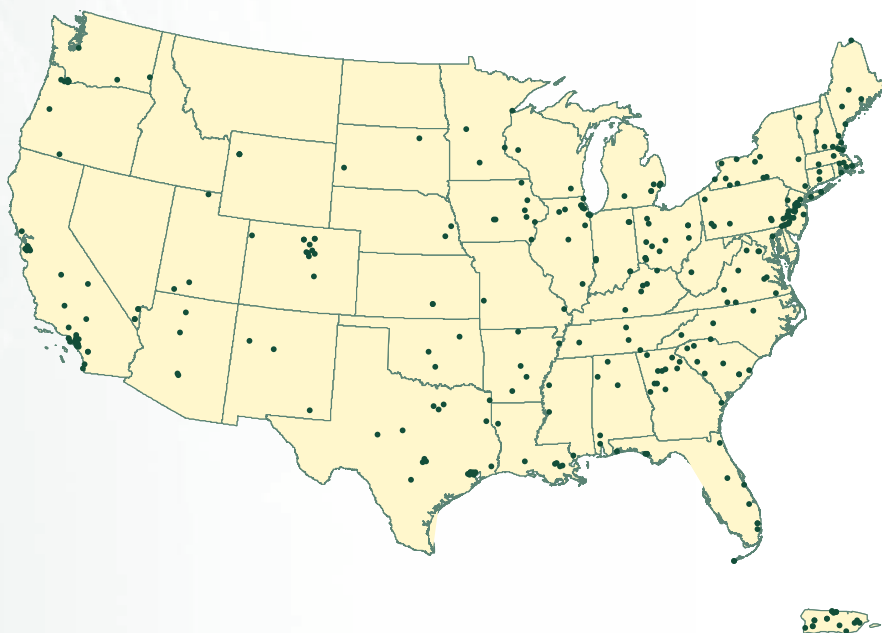


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Executive Summary

For the U.S. Environmental Protection Agency's National Environmental Performance Track program (Performance Track), 2004 was a year of growth, renewal, and the achievement of several important milestones:

- The program's charter members completed their first three-year term in the program, and more than 75 chose to renew their membership.
 - Former EPA Administrator Mike Leavitt signed the first Performance Track Rule, which provides regulatory and administrative incentives to members.
 - Administrator Leavitt met with state officials in October, 2004 to discuss their support for Performance Track and other performance-based programs. The meeting led to a state-by-state survey by the Environmental Council of the States and an action plan to implement recommendations.
 - Performance Track created a new Corporate Leader designation to recognize companies that demonstrate an exceptional corporate-wide commitment to environmental stewardship and continuous improvement.
 - Senior managers from EPA's Office of Water and Performance Track met in September with 25 Performance Track members to share ideas on incentives.
- Performance Track also worked with the Office of Water to develop incentives tied to the review of National Pollutant Discharge Elimination System permits, the Clean Water State Revolving Fund program, and the effluent guideline planning process.
- Three EPA regions developed Performance Track challenge commitments, specific goals that members may choose to adopt in order to help address regional environmental priorities.
 - Performance Track members reported another year of outstanding results, with especially significant reductions in energy and water use, the generation of solid waste, and emissions of hazardous air pollutants.
 - Eighty-six percent of members reported that they are satisfied with the level of recognition they have received from Performance Track.
 - Performance Track worked with its trade association Network Partners to build interest in Performance Track through workshops, articles in magazines, and coordinated communications. EPA signed an agreement with the American Chemistry Council and the Synthetic Organic Chemical Manufacturers' Association to achieve closer collaboration between Performance Track and Responsible Care®.
 - The Performance Track Participants Association (PTPA), an independent association for members of the program,

Performance Track Fast Facts

- The program currently has 351 members in 46 states and Puerto Rico.
- To date, Performance Track members report that they have collectively reduced their water use by more than 1.3 billion gallons — enough to meet the water needs of New York City's 8 million inhabitants for a day.
- Members report that they have cut their generation of solid waste by nearly 600,000 tons, and have decreased their energy use by more than 8.4 trillion British Thermal Units (BTUs), enough to power more than 80,600 homes for a year.
- In 2003 alone, Performance Track members report that they collectively reduced their energy use by 5.3 trillion BTUs, water use by 566.3 million gallons, and solid waste by nearly 300,000 tons.

held meetings and maintained ongoing communications with Administrator Leavitt and headquarters staff, EPA regional offices, and states to help build support for Performance Track.

None of these accomplishments would have been possible without the partnerships that Performance Track has forged with members, states, industry groups, and PTPA, all of which are working hard to build the program's value to members and the environment. This year of growth and renewal for Performance Track has strengthened the program, added new incentives for facilities to go beyond compliance with environmental laws, and set the stage for a successful future.

Introduction

To the Maori of New Zealand, the curled emerging frond of a tree fern symbolizes growth and renewal, new life rising in a perpetual cycle. The koru, as the unfurling frond is known, is an apt depiction of EPA's National Environmental Performance Track (Performance Track) program at the current stage of its development. At the end of 2003, Performance Track's charter members completed their first three-year term in the program, and more than 75 percent of them applied to renew their membership. Many of these facilities brought others with them to join the program for the first time.

The first renewal season was an important milestone for Performance Track, as well as a litmus test. The decision of so many members to renew is a testament to the program's ability to attract and retain the nation's top environmental performers. It also speaks to member facilities' belief in the basic tenets of the program and to their faith that the program will continue to grow and flourish, providing new benefits and incentives to strengthen the business case for participation.

To that end, EPA added a number of important new benefits for Performance Track members in 2004, including the signing of the first Performance Track Rule by Administrator Leavitt in April and a notice of proposed rulemaking that would add regulatory and administrative incentives for Performance Track members under the Resource Conservation and Recovery Act (RCRA). EPA estimates that the first Performance Track Rule will save eligible Performance Track members a total of more than \$700,000 by 2007.

The Agency also took new steps to encourage states to adopt Performance Track incentives, with positive results in a number of states. EPA signed Memoranda of Agreement with four additional states in 2004, for a total of nine, to coordinate Performance Track with state performance-based programs and initiatives. The Agency also negotiated an agreement with the American Chemistry Council and the Synthetic Organic Chemical Manufacturers Association to streamline the Performance Track application process for Responsible Care®-certified facilities.

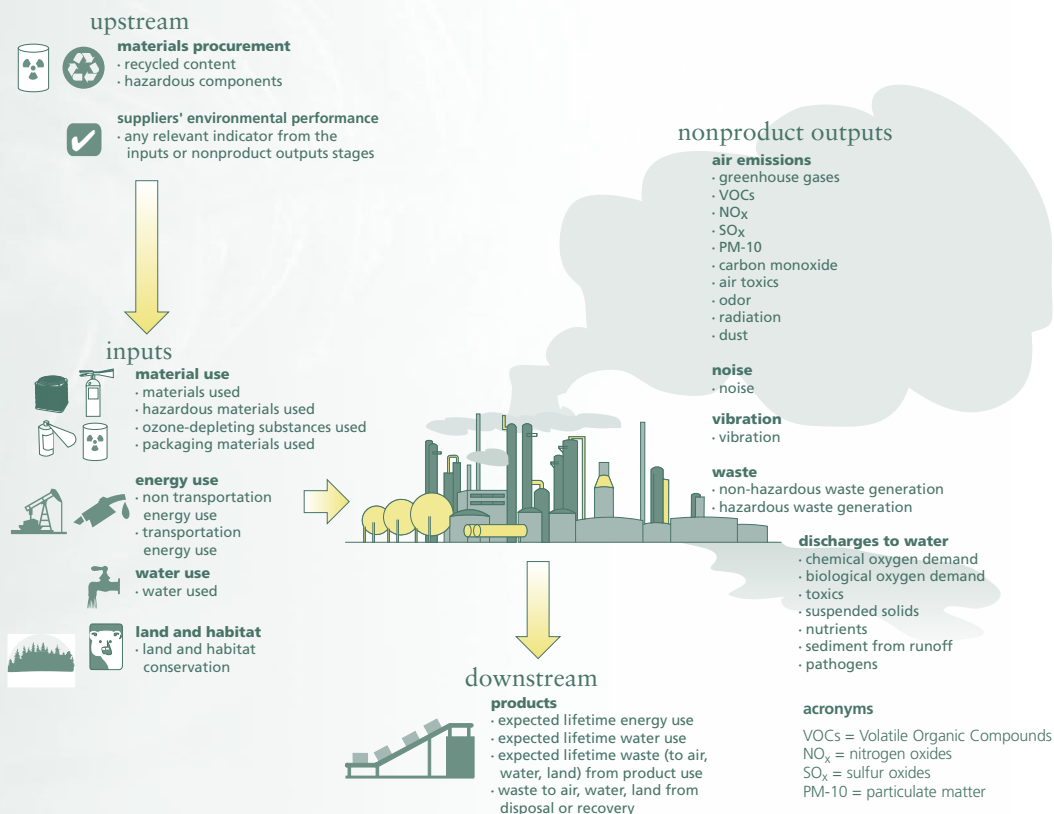
Performance Track created a new Corporate Leader designation to recognize companies that demonstrate an exceptional corporate-wide commitment to environmental stewardship and continuous improvement. The program also conducted its first survey of members to assess the value that they perceive from

“The Performance Track program encourages companies to set their own environmental goals and stretch themselves to meet them. Performance Track promotes a more beneficial relationship with regulatory agencies, as it moves away from command-and-control measures and holds companies accountable for achieving their own targets.”

Shannon Cox
Environmental Specialist
Interface Fabrics Group

Figure 1: Performance Track Environmental Performance Indicators

Applicants to the program choose from among these indicators when setting their performance goals. See the description on page 5.



the program. Seventy-six percent of current members responded to the survey, providing valuable feedback that will help EPA focus its efforts on future benefits.

About Performance Track

Now in its fifth year, Performance Track recognizes and rewards facilities that consistently exceed regulatory requirements, work closely with their communities, and excel in protecting the environment and public health.

EPA provides exclusive regulatory and administrative benefits to members, places them at low priority for routine inspections, and offers public recognition, networking opportunities, and other bene-

fits. But Performance Track facilities do not rest on their laurels: among the criteria for membership are a commitment to challenging environmental goals and a dedication to continuous improvement. Members report annually on progress toward their goals.

This report presents the achievements of Performance Track members for the year 2003, along with cumulative results since the program's inception in 2000 and final results from the charter members' first full three-year cycle. It also describes the program's new benefits, services, and incentives, including those announced during the first three months of 2005, along with key findings from the Performance Track member survey.

Program Structure

Performance Track is operated by a core staff in EPA's Office of Policy, Economics, and Innovation, and by Performance Track coordinators in each of the Agency's 10 regional offices. EPA staff work with state environmental agencies to review applications for the program, conduct site visits at member facilities, promote Performance Track and similar state performance-based programs, and develop program policy.

Membership Criteria

Any facility, large or small, public or private, in the United States and its territories may apply for membership in Performance Track. The program accepts applications twice per year, from February 1 to April 30, and from August 1 to October 31. An online application form is available at www.epa.gov/performance-track/apps/app.htm.

To be eligible for membership, facilities must have:

1. A comprehensive, independently assessed Environmental Management System (EMS)
2. A record of sustained compliance with environmental laws
3. A commitment to continual environmental improvement
4. Community outreach activities

In meeting the third criterion, applicants commit to four quantitative goals for improving their environmental performance. Small facilities commit to two goals. Applicants choose their commitments from among the indicators listed in Figure 1 (page 4), such as materials use, air emissions, or land conservation. Commitments can include **upstream** improvements, such as increasing the recycled content of purchased materials

or improving the environmental performance of suppliers; improvements to **inputs**, such as decreasing the use of energy and water; reductions in **nonproduct outputs** such as air emissions, waste, and discharges to water; and **downstream** improvements, such as decreasing the expected lifetime energy or water use of products. Each facility chooses its commitments based on its individual environmental impacts.

In 2004, Performance Track instituted a "challenge commitment" policy to encourage members to address specific regional environmental priorities. Each EPA region decides whether to create a Performance Track challenge commitment, which is made available only to facilities within that region. Challenge commitments count as two performance commitments; thus, members that adopt a challenge commitment need only set three environmental performance commitments rather than four.

To date, EPA Regions 1, 2, and 6 have set challenge commitments. Region 1 (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont) challenges New England Performance Track facilities to commit to reducing their energy use and associated greenhouse gas emissions by 5 percent. Region 2 (New Jersey, New York, Puerto Rico, U.S. Virgin Islands) challenges members to reduce energy use or air emissions from mobile sources by 10 percent, or reduce air emissions from non-mobile sources by 20 percent. Region 6 (Arkansas, Louisiana, New Mexico, Oklahoma, Texas) has created an air emissions challenge commitment for facilities in ozone non-attainment areas, challeng-

Environmental Management Systems

An Environmental Management System (EMS) is a continual cycle of planning, implementing, reviewing and improving the processes and actions that an organization undertakes to meet its business and environmental goals. EMSs are designed to identify, assess, and reduce facilities' environmental impacts.

Most EMSs are built on a "Plan, Do, Check, Act" model, which leads to continual improvement based on:

- Planning, including identifying environmental indicators and establishing goals;
- Implementing, including training and operational controls;
- Checking, including monitoring and corrective action; and
- Reviewing, including progress reviews and acting to make necessary changes to the EMS.

Facilities applying to Performance Track certify that they have adopted and implemented an EMS, and that it has undergone an independent assessment. Details on the EMS criteria for Performance Track are available at www.epa.gov/performance-track/program/ems.htm.

U.S. Steel Clairton Works

U.S. Steel Clairton Works of Clairton, Pennsylvania, employs 1224 people and is the largest metallurgical coke plant in the country. Built in 1901, it was the first coke plant in the world. Major products include blast furnace coke, coke oven gas, light oil, anhydrous ammonia, elemental sulfur, and crude coal tar.

Clairton Works was the first U.S. “smoke-stack” facility to become ISO 14001 certified. When the facility joined Performance Track in 2001, it committed to reducing its steam use from 764,400 MMBtus to 752,400 MMBtus per year during its three-year membership period. The facility reduced its steam use each year, and in 2003 showed a particularly impressive reduction from 728,532 to 664,100 MMBtus — a level far beyond the facility’s initial commitment. The accomplishments in 2003 resulted from a series of efforts to identify opportunities to reduce steam use, followed by a variety of energy conservation projects, such as repairing steam leaks. One benefit of these reductions was that more of the coke oven gas produced at this facility can be used to replace the use of natural gas at sister plants in the area.

In 2004, the Clairton Works facility renewed its membership in Performance Track. Between now and 2007, the facility intends to further reduce energy use by installing variable frequency drives and better metering systems.

ing facilities to make at least a 15 percent reduction of NO_x or VOCs.

Facilities are accepted into Performance Track for a three-year period, after which they may apply to renew their membership and select a new set of commitments.

Reporting, Monitoring, and Site Visits

For each year of their membership, Performance Track members submit an annual performance report documenting their results and major activities undertaken as part of their EMS. This report is due on April 1 for the preceding calendar year. EPA reviews each report to monitor performance and continued conformance with the program’s criteria.

In addition to monitoring performance through annual reports, EPA Performance Track staff and state officials visit a number of the program’s member facilities each year. A site visit allows EPA to verify information presented in a facility’s application, such as the quality of its EMS, and to review progress toward its performance commitments. EPA provides the facility with an assessment of its performance relative to other facilities in the program, and may suggest opportunities for improvements or partnerships with other firms and sources of technical expertise. The site visit also helps EPA and states establish a relationship with the facility’s key environmental staff and top management, which may facilitate discussions on ways to improve Performance Track and its benefits.

Beginning in February, 2004, Performance Track established a criterion that all new applicants must have had an independent assessment

of their EMS within the three-year period prior to the date of application. Because this criterion did not apply to existing Performance Track facilities, EPA focused the majority of its site visits in 2004 on facilities that had not had an independent assessment at the time of their application.

EPA conducted site visits at 25 Performance Track facilities in 2004. Twenty-two of the visits were “traditional” site visits, focusing on whether the facility’s EMS met the Performance Track criteria and how the facility was progressing on its performance commitments and public outreach activities.

The remaining three facilities were visited for the purpose of testing a different direction in assessments, focused on evaluating data quality and whether the implementation of an EMS resulted in measurable improvements in environmental performance. As EPA becomes confident that the new independent assessment criterion provides assurance that applying facilities have a working EMS in place, the Agency will conduct more of these performance-based site visits and fewer traditional site visits.

Of the 22 traditional visits conducted, only four facilities were ISO-certified (the International Organization for Standardization’s environmental management standard). Of the remaining 18 facilities, half had self-assessed their EMSs and half had a third party — but not necessarily an independent one — assess their EMSs. EPA found areas for improvement at 10 of the 18 non-ISO facilities, and these 10 facilities have agreed to implement these improvements. EPA asked two of the 18 facilities to withdraw from the program due to severe deficiencies

associated with their EMSs. Overall, the findings from EPA's 2004 site visits are once again consistent with previous years' results, in which the Agency found that most EMS issues were associated with non-ISO facilities or facilities whose EMS was not certified by a third party. This finding led to the implementation of the independent assessment requirement described above.

Membership Profile

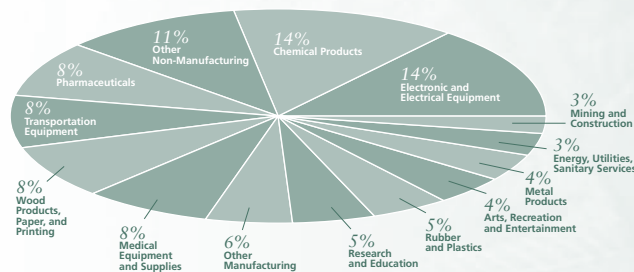
Performance Track currently has 351 members in 46 states and Puerto Rico. Members represent virtually every manufacturing sector, as well as public-sector facilities at the federal, state, and local levels.

By the end of February, 2005, Performance Track had reviewed nine rounds of applications, receiving 601 applications and accepting 482. A total of 131 facilities have left the program since its inception. Facilities may be removed from Performance Track at their own request, for failing to continue to meet the program entry criteria, or for failing to submit a complete annual performance report. The most common reasons for leaving were EMS deficiencies found during site visits; facility closure, sale, or reorganization; and failure to submit

Figure 2: Size of Performance Track Facilities



Figure 3: Distribution of Performance Track Members Across Sectors



an annual performance report. Some members also chose not to renew their membership upon completion of their three-year membership term. In all cases, EPA encourages facilities to reapply to Performance Track when they are again able to meet the program criteria.

Members' Commitments and Performance Improvements

“Performance Track members are at the forefront of innovation and environmental stewardship, fundamentally strengthening the relationship between business and government.”

Stephen L. Johnson
Acting Administrator, U.S. EPA

Performance Track facilities have set challenging environmental commitments and achieved impressive results. Many members have managed to improve their performance well beyond the levels in their commitments.

Performance Track is a beyond-compliance program: improvements reported by members exceed those required by law. In addition, many members choose to reduce impacts in areas that are essentially unregulated, such as materials use, water use, energy use, habitat preservation, and greenhouse gas emissions. One of Performance Track's key environmental benefits is its ability to promote voluntary progress on these and other unregulated issues.

Here we present the commitments of current members, environmental results reported for 2003, cumulative results for Performance Track since its inception, and the cumulative achievements of the program's charter members, who completed their first three-year term in the program during 2003. The results are based on members' annual performance reports for 2003, submitted to EPA in 2004 and available online at www.epa.gov/performance-track/particip/index.htm.

Environmental Commitments

Performance Track members commit to at least four environmen-

tal goals (two for small facilities) that they aim to meet within the three-year term of their membership in the program. Table 1 summarizes the commitments of facilities accepted into Performance Track by the end of 2004. Collectively these members have pledged to:

- Increase their use of recycled content in purchased materials by 137,493 tons;
- Reduce their use of hazardous materials by 20,468 tons;
- Reduce their water consumption by 4.16 billion gallons;
- Reduce their non-transportation energy use by 36.4 trillion British Thermal Units (BTUs);
- Expand the area of land set aside for conservation by 20,270 acres;
- Reduce their greenhouse gas emissions by 49,866 metric tons of carbon dioxide equivalents;
- Reduce their total discharges to water by 22,819 tons; and
- Reduce their generation of hazardous and non-hazardous waste by 235,570 tons.

Environmental Performance Improvements

Each year, Performance Track members submit a report on their environmental performance and other achievements during the previous year. EPA reviews each report to monitor performance and continued conformity with Performance Track membership criteria.

Table 1: Current Performance Track Members' Commitments Accepted Through 2004

Categories and Indicators	Number of Members With Goals*	Projected Annual Improvement by Year 3 of Membership
<i>Upstream</i>		
Materials Procurement		
Recycled content	44	137,493 tons (increase)
Hazardous/toxic components	5	79 tons
Suppliers' Environmental Performance		
Packaging materials	1	56 tons
Hazardous materials	1	0.28 tons
<i>Inputs</i>		
Materials Use		
Hazardous materials	69	20,468 tons
Ozone-depleting substances	3	33 tons
Packaging materials	15	358 tons
Water Use		
Total water use	128	4.16 billion gallons
Energy Use		
Non-transportation energy use	153	36.4 million MMBTUs
Transportation energy use	7	90,241 gallons
Land and Habitat		
Land and habitat conservation	29	20,270 acres (increase)
<i>Nonproduct Outputs</i>		
Air Emissions		
Greenhouse gases	28	49,866 metric tons of CO ₂ equivalent
Volatile organic compounds	46	700 tons
Nitrogen oxides	21	2,406 tons
Sulfur oxides	13	1,646 tons
Particulate matter (PM-10)	7	88 tons
Carbon monoxide	2	0.13 ton
Air toxics	17	293 tons
Radiation	1	1,117 Curies
Discharges to Water		
Biochemical oxygen demand (BOD)	7	1,056 tons
Chemical oxygen demand	2	7,444 tons
Total suspended solids	7	14,075 tons
Toxics	9	130 tons
Nutrients	4	14 tons
Sediment from runoff	1	100 tons
Waste		
Non-hazardous waste	191	225,492 tons
Hazardous waste	121	10,078 tons
Noise		
Noise	6	108 dBa**
<i>Downstream</i>		
Products		
Expected lifetime waste (to air, water, land)	4	751 tons

*Values shown in this column represent the number of members whose goals for an indicator were included in the calculations for projected reductions. Some goals were excluded from the calculations due to missing or nonstandard data.

**A-weighted decibels, an expression of the relative loudness of sounds in air as perceived by the human ear.

Featured Facility

Henkel Loctite

Henkel Loctite in Olean, New York, manufactures electronic encapsulants, including molding powders, coating powders, and formulated liquids, such as urethane and epoxy systems. Henkel Loctite is a recent recipient of the Good Neighbor Award for the Environment from the Greater Olean Area Chamber of Commerce.

This Performance Track member facility, which has 228 employees, is committed to dramatically reducing the amount of non-contact cooling water used in its production processes. Since 2000, the facility has improved the water use efficiency of these processes by 61 percent. Henkel Loctite achieved this result by installing closed-loop chiller systems on the process equipment and a cooling tower for the chiller systems.

Featured Facility

Andersen Corporation

Andersen Corporation of Bayport, Minnesota, employs about 3,500 people at this location to manufacture windows and patio doors. One of its four commitments during its first three years as a Performance Track member was to reduce emissions of volatile organic compounds (VOCs). During calendar years 2001 through 2003, Andersen reduced its VOC emissions from 1,775 tons to 1,391 tons by improving the efficiency of its wood treating processes and by incorporating a slower evaporating solvent into its window paint line pretreatment process.

The facility plans to reduce its VOC emissions by at least another 200 tons during its next three-year commitment (2004 through 2006) through process improvements to solvent-borne preservative and coating operations. Andersen continues to implement process improvement projects that align with the principles of lean manufacturing, including projects to increase transfer efficiencies in its paint line coating processes and alternative technologies and process improvements to reduce solvent-based wood preservation treatment.

In many cases, the results reported by Performance Track members tell only part of the story. Some member facilities have improved their “eco-efficiency” by reducing their environmental impacts per unit of production. When these facilities’ production increases, they avoid impacts that otherwise would have occurred. For example, Performance Track facilities reported an absolute reduction in water use of 566.3 million gallons in 2003, but when improvements in eco-efficiency are taken into account, they actually avoided using more than 1.9 *billion* gallons of water. These avoidance figures are calculated by applying a normalizing factor (taking into account changes in production) to the actual impact during the baseline year to estimate what the impact would have been in the reporting year without environmental improvements. The reported actual environmental impact is then subtracted from this estimate, yielding the environmental impact avoided through the facility’s environmental performance improvements. Please note that the tables in this section present only actual reported results, not normalized estimates. The summary below discusses actual results except where indicated.

The aggregated results of members’ performance reports for the environmental indicators shown here may be strongly influenced by improvements or declines in performance at large Performance Track facilities — such as a major reduction or increase in energy use at a large, energy-intensive factory.

Although EPA works closely with members to standardize their

reporting, not all data submitted by members could be standardized before this report went to print. The tables and graphs in this section indicate how many commitments contributed to the results shown.

Member Achievements in 2003

Performance Track facilities achieved outstanding results in 2003, especially for their reductions in energy use, water use, emissions of hazardous air pollutants, and solid waste. However, there was an overall increase in members’ use of materials and hazardous materials in 2003, and an increase in certain discharges to water.

Energy Use

Performance Track members reported an overall 2.5 percent decrease in energy consumption between 2002 and 2003, saving more than 5.3 trillion BTUs. On a normalized basis, taking into account changes in facilities’ production, Performance Track members avoided 14.8 trillion BTUs of energy use in 2003, equivalent to the amount used by more than 140,000 average homes in a year.

Water Use

Members reported a 1.25 percent decrease in water use between 2002 and 2003, saving more than 566 million gallons of water. As with energy, the amount of water use avoided by improvements in eco-efficiency is much larger: on a normalized basis, members avoided using more than 1.8 billion gallons of water.

Air Emissions

Air emissions reported by Performance Track members decreased in 2003, with a 37 percent reduction in emissions of hazardous air pollutants (air toxics), a 16 percent reduction in volatile organic compounds (VOCs), a 14 percent decrease in nitrogen oxides (NO_x), and a 12 percent reduction in sulfur oxides (SO_x).

Solid and Hazardous Wastes

Performance Track members reported a 14 percent decrease in their generation of solid waste in 2003, a reduction of nearly 300,000 tons. Hazardous waste generation decreased by 1,763 tons, a 4.5 percent reduction.

Land and Habitat Conservation

Members preserved or restored an additional 3,386 acres of habitat in 2003, an area four times the size of New York City's Central Park.

Materials Use

In the aggregate, members showed an increase in materials use in 2003. This was due largely to a 42 percent increase in production at one large facility. Not surprisingly, that facility showed an increase in materials use, but also showed an increase in materials efficiency. In fact, with production changes taken into account, members showed an aggregate improvement in their efficiency of materials use, avoiding 1,046 tons of materials use in 2003.

Table 2: Performance Track Members' Results for 2003

Indicator	Improvements made in 2003 ¹	Units	Number of results ²
Energy use	5,327,423	MMBTUs	131
Water use	566,290,593	gallons	98
Materials use	(26,017) ³	tons	47
Hazardous materials use	(1,576)	tons	47
Use of reused/recycled materials	62,933 (increase)	tons	46
Greenhouse gases	28,103	metric tons of CO ₂ equivalent	42
Volatile organic compounds (VOCs)	565	tons	48
Air toxics	175	tons	19
Nitrogen oxides (NO _x)	1,746	tons	19
Ozone-depleting substances	1.1	tons	5
Particulate matter	55	tons	12
Sulfur oxides (SO _x)	2,635	tons	8
Solid waste	295,815	tons	160
Hazardous waste	1,763	tons	103
Land & habitat conservation	3,386 (increase)	acres	27
Discharges of BOD, COD, TSS, nutrients to water ⁴	(13,932)	tons	19
Discharges of toxics to Water	(5,489)	tons	12
Product packaging	163	tons	6

1. Represents the difference between 2002 and 2003 actual quantities.

2. These numbers represent the number of commitment results included in the analysis, rather than the total number of commitments under the particular indicator. Some members' results are not included in the analysis because their 2003 Annual Performance Reports were not completed by the cut-off date.

3. Numbers in parentheses indicate an overall decline in performance.

4. BOD=biochemical oxygen demand; COD=chemical oxygen demand; TSS=total suspended solids.

Hazardous Materials Use

Hazardous materials use increased in 2003, despite the fact that more than half of the members with commitments to reduce their use of hazardous materials showed improvements in efficiency. The

Table 3: Performance Track Members' Cumulative Results, 2000-2003

Indicator	Cumulative Reductions	Units	Number of Results ¹
Energy use	8,466,262	MMBTUs	131
Water use	1,341,708,688	gallons	98
Materials use	74,562	tons	47
Hazardous materials use	16,420	tons	47
Use of reused/recycled materials	76,695 (increase)	tons	46
Greenhouse gases	Not available ²	tons	42
Volatile organic compounds (VOCs)	1,017	tons	48
Air toxics	209	tons	19
Carbon monoxide	1.6	tons	2
Nitrogen oxides (NO _x)	3,898	tons	19
Ozone-depleting substances	7.7	tons	5
Particulate matter	69	tons	12
Sulfur oxides (SO _x)	16,257	tons	8
Solid waste	582,213	tons	160
Hazardous waste	8,321	tons	103
Land & habitat conservation	7,871(increase)	acres	27
Discharges of BOD, COD, TSS, nutrients to water ⁴	(12,530) ³	tons	19
Discharges of toxics to Water	(1,345)	tons	12
Product packaging	1,829	tons	6

1. These numbers represent the number of commitment results included in the analysis, rather than the total number of commitments under the particular indicator. Some members' results are not included in the analysis because their 2003 Annual Performance Reports were not completed by the cut-off date.

2. Cumulative results for greenhouse gases are not available due to a change in reporting after 2002. In 2001 and 2002, all members reported total tons of greenhouse gas emissions; after 2002 the program began a transition to reporting emissions in terms of CO₂ equivalents.

3. Numbers in parentheses indicate an overall decline in performance.

4. BOD=biological oxygen demand; COD=chemical oxygen demand; TSS=total suspended solids.

result can be attributed almost completely to three facilities that, despite very good overall performance records, showed some negative fluctuations in hazardous materials use in 2003.

Discharges to Water

The results of commitments to reduce discharges to water were

dominated by a decline in performance at two large facilities. Discharges increased by 19,421 tons in 2003.

Cumulative Achievements, 2000-2003

Since the inception of the program, Performance Track members have:

- Reduced their energy use by nearly 8.5 trillion BTUs, enough to power 80.5 million homes for a year;
- Reduced their water use by more than 1.3 billion gallons, enough to meet all of New York City's water needs for a day;
- Reduced their generation of solid waste by nearly 600,000 tons;
- Reduced their generation of hazardous waste by 8,321 tons;
- Reduced their use of materials by 74,562 tons;
- Reduced their use of hazardous materials by 16,420 tons; and
- Set aside 7,871 acres of land for conservation, an area larger than 7,000 football fields.

Charter Members' Achievements

During Performance Track's first year, it accepted 253 facilities into the program. The results reported by these facilities, which completed their three-year term of membership in 2003, are presented here. These results represent the achievements of Performance Track's first complete membership cycle.

Among these members' notable achievements were a reduction in energy use of more than 1 trillion

BTUs — enough to power nearly 10,000 households for a year — and a reduction in water use of 1.9 billion gallons, enough to supply the water needs of more than 66,000 homes for a year.

Caveats to the 2003 Results

1. Data are self-reported by member facilities and not verified by EPA.
2. Although EPA asks for exact figures, some facilities appear to submit rounded data.
3. The baseline year for members that entered the program in Rounds 4 and 5 is 2001. Their results actually represent changes occurring over a two-year period.
4. The avoidance figures in the summary of 2003 results are based on the normalizing factors calculated and provided by individual facilities. A facility's avoidance figures for 2003 were calculated by dividing the 2003 normalizing factor by the 2002 normalizing factor, multiplying that result by the 2002 performance level, and then calculating the difference between that product and the actual 2003 results. Thus, the accuracy of the avoidance figures depends on both the accuracy of the reported actual results and the reported 2002 and 2003 normalizing factors. Normalizing is an inexact science. Normalizing factors often tell an incomplete story about changes in production in a facility, and they often fail to explain fully the causes of environmental pollution or resource consumption.
5. Approximately 15 percent of member facilities' commitments relate to a specific process rather than to the facility as a whole. For example, a facility may have committed to reducing its VOC emissions from a particular production line by 50 percent. The numbers reported in this document thus reflect the commitments made and the results relevant to those commitments. Therefore, it would be a misinterpretation of the data to assume that a demonstrated improvement is, or could be projected to, represent the performance of entire facilities.
6. Similarly, facilities' commitments

Table 4: Performance Track Charter Members' Cumulative Results¹

Indicator	Cumulative Reductions	Units	Number of Results ²
Energy use	1,038,815	MMBTUs	77
Water use	1,932,873,264	gallons	67
Materials use	65,137	tons	35
Hazardous materials use	1,015	tons	29
Use of reused/recycled materials	147,255 (increase)	tons	23
Greenhouse gases	39,337	tons	41
Volatile organic compounds (VOCs)	850	tons	33
Air toxics	(2,418) ³	tons	8
Nitrogen oxides (NO _x)	2,030	tons	9
Particulate matter	36	tons	9
Solid waste	518,069	tons	95
Hazardous waste	(157,958)	tons	64
Land & habitat conservation	5,492 (increase)	acres	20
Discharges of BOD, COD, TSS to water ⁴	(2,041)	tons	9

1. These figures reflect the cumulative results from charter members and the second round of applicants; i.e., all facilities accepted in the first year of Performance Track.

2. These numbers represent the number of charter member commitment results included in the analysis, rather than the total number of commitments under the particular indicator.

3. Numbers in parentheses indicate an overall decline in performance.

4. BOD=biochemical oxygen demand; COD=chemical oxygen demand; TSS=total suspended solids.

may relate to one "component" of an environmental indicator rather than to the indicator as a whole. For example, a facility may commit to reducing one particular waste stream or one particular toxic air emission rather than to reducing its total solid waste or all releases of toxic chemicals. The parameters of each facility's commitments may be determined by viewing its application and/or annual performance reports at www.epa.gov/performance-track/particip.

Member Services and Incentives

“We have demonstrated that we are on a track toward continuous improvement and success in environmental performance. Joining Performance Track was another way of challenging us to continue those successes.”

Ken Gallant
Environmental Supervisor
International Paper-Bucksport

EPA offers exclusive benefits to Performance Track members in three key areas: public recognition, regulatory and administrative incentives, and networking opportunities. The Agency added a number of new benefits in 2004, and continues to develop additional incentives to attract and retain facilities in the program.

Public Recognition

When EPA publicly recognizes a Performance Track facility for its outstanding environmental performance, the facility’s reputation is enhanced among its regulators, peers, investors, customers, employees, and local

community. The Agency recognizes Performance Track members through a variety of means.

- Upon request, EPA notifies elected officials at the local, state, and national levels when it selects new members for participation in Performance Track.
- The Agency works with trade publications, Performance Track Network Partners, and local media to place articles about members and the program. In 2004, 81 publications carried articles about Performance Track, reaching a circulation of more than 2 million people.
- Facilities admitted to the program are recognized by senior EPA officials at the Performance Track Annual Members’ Event, and they receive a framed certificate of membership suitable for display.
- Performance Track members may use and display the Performance Track logo. The program’s Member Services site provides art files for hardhat stickers, fleet signage, and a flag. Some facilities have produced caps, shirts, and other items using the logo.
- Members are listed on the Performance Track website (www.epa.gov/performancetrack), which has received more than 2 million visits since it was launched in 2000.
- Several leading social investment advisory firms, including Calvert Group, Innovest Strategic Value Advisors, and KLD Research and Analytics, include membership in Performance Track among



Former EPA Administrator Mike Leavitt speaks about Performance Track at Hoover Dam, October, 2004.

the factors they consider in their rating analysis of companies. EPA also distributes Performance Track press releases via CSRwire, a globally syndicated social responsibility news service.

Special Recognition Within Performance Track

Performance Track members that achieve particularly outstanding results or make exceptional efforts to promote the program may be eligible for special recognition.

- The Performance Track *Environmental Performance Award* recognizes members that have demonstrated exemplary environmental performance during their participation in the program.
- The Performance Track *Outreach Award* recognizes current members that make a special effort to inform the public about what it means to be a member of the Performance Track program.
- The Performance Track *Director's Award* recognizes members that the director has selected for outstanding achievements in any one of several areas, including mentoring, recruiting, public outreach, and community leadership.

Corporate Leaders

In 2004, Performance Track added the Performance Track Corporate Leader designation to recognize companies that have multiple facilities in Performance Track and that demonstrate an exceptional corporate-wide commitment to environmental stewardship and continuous improvement. EPA will designate a select number of Performance Track Corporate Leaders each year for a

five-year membership.

Performance Track Corporate Leaders meet all of the following criteria:

- At least five of the company's facilities are members of Performance Track;
- The company's facilities that are enrolled in Performance Track and/or in similar state performance-based programs represent at least 25 percent of its U.S. operations, based on the number of facilities or employees (alternatively, the company has at least 25 facilities in Performance Track);
- The company commits to increasing its level of Performance Track membership to at least 50 percent of its U.S. operations within five years of designation (alternatively, the company commits to having at least 50 of its facilities enrolled in Performance Track and/or similar state programs within that period).
- The company makes environmental issues a priority at the corporate level and uses a system to identify, prioritize, manage, measure, review, and continuously improve environmental performance throughout operations;
- The company demonstrates a strong compliance record with environmental regulations; and
- The company commits to improve its environmental performance and that of its suppliers and/or customers.

The first three Performance Track Corporate Leaders, selected by EPA and announced in early 2005, are Baxter Healthcare, Johnson & Johnson, and Rockwell Collins. For more information, see www.epa.gov/performance-track/corporate-leaders/

Performance Track Award Winners, 2004-2005

Environmental Performance Awards 2004

- Baxter Healthcare, Inc., Guayama, Puerto Rico
- Pfizer, Inc., Lititz, Pennsylvania
- Bridgestone/Firestone South Carolina, Graniteville, South Carolina
- The City of Scottsdale, Scottsdale, Arizona

2005

- Durango-McKinley Paper Company, Prewitt, New Mexico
- Ideal Jacobs Corporation, Maplewood, New Jersey
- Rohm and Haas – La Mirada Plant, La Mirada, California
- 3M Nevada, Nevada, Missouri

Director's Award for Mentoring, 2004

- New Hampshire Ball Bearings, Inc., Peterborough, New Hampshire

Director's Award for Corporate Outreach, 2005

- 3M Corporation, St. Paul, Minnesota

Outreach Awards

2004

- American Ref-Fuel Company of Hempstead, Westbury, New York
- DuPont-Spruance Plant, Richmond, Virginia
- Pfizer, Inc.-Lincoln Operations, Lincoln, Nebraska
- Texas Instruments-Sensors and Controls, Attleboro, Massachusetts

2005

- International Paper, Franklin, Virginia
- Motorola GTSS Ocotillo, Chandler, Arizona
- Pfizer, Inc., Terre Haute, Indiana
- 3M ESPE Dental Products, Irvine, California

Special Commendation for Outstanding Achievement in Environmental Management and Wildlife Habitat Restoration, 2004

- Monsanto Company, Monsanto, Iowa
(conferred jointly by Performance Track and the Wildlife Habitat Council)

Performance Track Corporate Leaders

Baxter Healthcare Corporation, a global medical devices, pharmaceuticals, and biotechnology company, has eight of its 16 major facilities and two smaller facilities in Performance Track. Among Baxter's future commitments as a Corporate Leader are further reductions in energy use, further reductions in solid waste, and increasing the number of its key suppliers participating in EPA's Green Suppliers Network.

Johnson & Johnson is a healthcare products and services company. More than three-quarters of its 46 major facilities and 15 of its smaller ones are members of Performance Track. As a Corporate Leader, J&J has pledged to further reduce its greenhouse gas emissions and water use, and increase its use of paper packaging derived from sustainably managed forests or with recycled content.

Rockwell Collins provides design, production, and support of communications and aviation electronics. Eight of its 14 major facilities and two of its smaller ones are Performance Track members. Among its commitments as a Performance Track Corporate Leader are a pledge to purchase 10,000 Megawatt-hours of renewable energy certificates per year, improving the environmental performance of key suppliers, and reducing its purchase of chemicals.

State Support for the Performance Track Rule

Eleven states report that they have adopted the Resource Conservation and Recovery Act (RCRA) provisions of the first Performance Track Rule, including Colorado, Florida, Georgia, Idaho (adopted but not yet finalized), Maryland, New Jersey, North Carolina, Pennsylvania, Tennessee, Virginia, and Washington. The rule also is available in states or territories where EPA administers the RCRA program, including Alaska, Iowa, and Puerto Rico.

Regulatory and Administrative Incentives

Performance Track members' history of strong compliance, commitment to measurable improvement, and effectiveness in environmental management set them apart from other facilities. Accordingly, EPA believes they should be eligible for exclusive regulatory and administrative benefits. These benefits help Performance Track facilities focus on continuous improvement by reducing some of the routine administrative costs of regulation, and by allowing them additional procedural flexibility in certain cases. Performance Track regulatory and administrative incentives can also help regulatory agencies focus their assistance, inspection, and enforcement resources on higher priorities, such as facilities that require closer oversight.

Developing and Institutionalizing Incentives

EPA's general approach to developing regulatory and administrative incentives for Performance Track is to focus first on policy or administrative changes and then regulations. Within these broad categories, the Agency works to develop innovative incentives that are available to Performance Track members; that reduce burden, increase flexibility, and streamline and expedite processes; and that will be applicable widely among existing and likely future member facilities.

The process to develop, propose, and finalize changes in a federal regulatory program typically takes at least two years. Once finalized, each state must first adopt the

changes and then reapply for authorization to implement the regulatory program. This stage of development varies across states and according to the media covered by the regulation, such as air or water. States are not required to adopt federal regulations for Performance Track because it is a voluntary program.

Progress on Incentives in 2004

EPA has made considerable progress during the past year to advance Performance Track's ability to deliver quality incentives to members. On Earth Day, 2004, former EPA Administrator Mike Leavitt signed the first Performance Track Rule. This rule provides benefits to eligible Performance Track facilities under the Clean Air Act and the Resource Conservation and Recovery Act (RCRA), described in the air and waste sections below under "Current Regulatory and Administrative Incentives."

Within the Agency, Performance Track staff have continued to develop relationships with EPA's program offices. In September, senior managers from the Office of Water and Performance Track met with 25 Performance Track members to share ideas on incentives and discuss key water program issues. Performance Track also worked with the Office of Water to develop incentives tied to the Clean Water State Revolving Fund program and the effluent guideline planning process.

Performance Track staff interact with regulatory officials at EPA headquarters and regional offices to help spread implementation of the first Performance Track Rule, and program staff participate frequently in conference calls among

RCRA permit writers and regional air toxics coordinators to provide regular updates and encourage them to consider incentives for members.

Finally, Performance Track and other EPA staff have been working externally with key organizations, such as the Environmental Council of States (ECOS), the Association of State and Territorial Solid Waste Management Officials, the Association of State and Interstate Water Pollution Control Administrators, and the Performance Track Participants' Association to build support for Performance Track incentives at the state and local level.

Current Regulatory and Administrative Incentives

Low priority for routine inspections

Since the beginning of the Performance Track program, EPA has placed members at a low priority for routine inspections. This benefit has been successfully implemented at the federal level in each of EPA's 10 regions. Twelve states have adopted this policy to date, and the Agency continues to encourage broader state support for this important benefit of membership in Performance Track.

Air incentives

The first Performance Track Rule reduces the frequency of reports required under the Maximum Available Control Technology (MACT) provisions of the Clean Air Act such that semi-annual reports may be submitted annually, and in certain cases members may submit an annual certification for these requirements in lieu of an annual report.

Performance Track has made



Geoff Grubbs, director of EPA's Office of Science and Technology, addresses Performance Track's September, 2004 meeting with the Office of Water.

progress on developing new air incentives since last year's report. At that point EPA was developing flexible permits for major air sources. These permits typically include provisions that approve in advance process changes that would otherwise require major permit modifications. These types of permits have been found to save facilities and states substantial time and money over the life of the permit, and lead to more significant reductions in air emissions. Flexible permits are currently in the final stages of development at three Performance Track facilities, and will be available for public review and comment in the spring of 2005.

Waste incentives

Under the first Performance Track Rule, EPA allows Performance Track members that are large-quantity generators of hazardous waste up to 180 days (instead of the normal 90 days) to accumulate their hazardous waste without a RCRA permit or interim status.

Spotlight on Performance Award Recipients, 2004

Baxter Healthcare Corporation's facility in Guayama, Puerto Rico, reduced its hazardous waste by 195,000 pounds in its first two years of membership, along with reducing its energy use by 57,000 MMBTUs. It also reduced its generation of solid waste by 62 percent and its biological oxygen demand (BOD) discharges to water by 95 percent.

Pfizer Global Manufacturing in Lititz, Pennsylvania, reduced its total solid waste by 820 tons and its hazardous waste by 780 tons during its first two years in Performance Track. It reduced its total energy use by more than 3.6 million kilowatt-hours, and cut BOD discharges to water by 82,000 pounds.

Bridgestone-Firestone South Carolina, in Graniteville, South Carolina, avoided the generation of 22 million pounds of solid waste over two years and improved its energy use efficiency by 19 percent.

The City of Scottsdale, Arizona, reduced its total energy use by more than 300,000 kilowatt-hours and its emissions of volatile organic compounds by nearly 6,000 pounds. The city also reduced its generation of solid waste by 4,188 tons, a 31 percent improvement.



EPA Acting Administrator Stephen Johnson praised the tremendous accomplishments of Performance Track members during the 2004 Annual Members' Event in Baltimore.

Water incentives

As a followup to the September, 2004 meeting with EPA's Office of Water and Performance Track members, Performance Track staff worked with the Office of Water to develop a process to expedite the review of National Pollutant Discharge Elimination System (NPDES) permits held by Performance Track members. This process will be finalized in 2005.

In 2004, EPA began encouraging states to provide more favorable terms to Performance Track facilities in their Clean Water State Revolving Fund (CWSRF) programs. CWSRF programs provide loans for a variety of water quality projects, including municipal wastewater treatment projects, as well as nonpoint sources, watershed protection or restoration, and estuary management. The CWSRF loans can help Performance Track facilities achieve environmental commitments that are important to state and local environmental priorities. The support also could encourage facilities to increase their community involvement, perhaps linking facilities with watershed groups. Working with Performance Track facilities also allows states to support activities that are beyond regulatory requirements. More information is available in EPA's CWSRF fact sheet at www.epa.gov/owm/cwfinance/cwsrf/performance-track.pdf.

Finally, in its analyses to determine whether to develop or revise effluent guidelines for various industry sectors, the Office of Water considers the sectors' voluntary efforts to reduce water pollution, such as facility improvements through programs like Performance Track.

Looking Ahead

EPA is developing a new Performance Track rule for RCRA and expects to propose it in 2005. The Agency is also expected to finalize a new RCRA Burden Reduction Rule that contains several provisions available exclusively to Performance Track facilities. In addition, EPA has proposed a hazardous air pollutants rule that provides compliance alternatives under MACT with special provisions for Performance Track members.

Performance Track's work with the EPA Office of Water has moved forward with developments in expedited permitting, and EPA expects further developments in the coming year. In addition, Performance Track is working closely with the Air Office to develop more incentives for members, and to develop a rule for flexible air permitting.

Networking and Learning Opportunities

Performance Track offers valuable opportunities for its members to learn from each other and share best environmental practices. The program also offers opportunities for members to meet EPA officials from national headquarters and regional offices.

Annual Members' Event

Each year, Performance Track members and EPA officials gather for award ceremonies, panel discussions, and breakout sessions on topics important to Performance Track facilities and partners. This meeting is an excellent opportunity for members to meet EPA Performance Track staff, network

with their colleagues, learn about program developments, and share their experiences.

Regional meetings

Each of EPA's 10 regional offices holds periodic meetings for Performance Track members in its region. Some regions also have hosted recruitment workshops for facilities interested in learning more about the program, and several regions have organized special events to recognize top environmental performers.

Teleseminars

All Performance Track members are invited to attend bimonthly seminars, conducted by conference call, on timely and relevant topics. In 2004, teleseminars were held on topics such as intangible drivers that link environment, health, and safety performance to shareholder value; efforts by Performance Track members to work on watershed issues; and an information session on the Chicago Climate Exchange. Past teleseminars have focused on such topics as lean manufacturing, the business case for including a wildlife habitat commitment under Performance Track, community involvement strategies, and flexible permitting.

Online Newsletter

P-Track News is a bimonthly newsletter that keeps Performance Track members informed of new program developments, member achievements, news from the EPA regions, a calendar of upcoming events, and other information of interest to members.



Performance Track members in EPA Region 3 received certificates in October, 2004 for renewing their membership in the program. Left to right: Marie Holman, U.S. EPA Region 3 Performance Track Coordinator; Charles Souders, Pfizer Global Manufacturing; Tom Murphy, Montenay Energy Resources of Montgomery Co.; Colleen Davis, U.S. Steel Clairton Works; Joe Loschiavo, DuPont Spruance; Phil Dahlin, Johnson & Johnson, McNeil Consumer & Specialty Pharmaceuticals.

Resource Center and Case Studies

Performance Track's website provides a Resource Center to help existing and prospective members learn more about Environmental Management Systems, Performance Track's environmental improvement categories, industry-specific environmental performance resources, and more. The Resource Center also provides case studies highlighting the achievements of selected Performance Track members. The Performance Track Member Services site includes a series of Innovative Practices Spotlight articles that describe particularly innovative approaches that Performance Track members have developed to address environmental challenges. The Resource Center is available at: www.epa.gov/performance-track/tools/index.htm.

Spotlight on Performance Award Recipients, 2005

Durango-McKinley Paper Company, in Prewitt, New Mexico, exceeded its materials use reduction goal by 1,000 tons and showed a 20 percent improvement in materials efficiency during its first three years of membership in Performance Track. It reduced its water use by 2 million gallons per year and its landfill waste by more than 3,200 tons.

Ideal Jacobs Corporation, in Maplewood, New Jersey, reduced its solid waste to a mere 6 percent of its 2001 levels in part by directly linking waste amounts to employees' salaries and responsibilities.

Rohm and Haas's plant in La Mirada, California, decreased its annual energy use by nearly 10,000 MMBTUs and its generation of hazardous waste by more than 10 tons. It also improved its water use efficiency by 7 percent in 2002 and 8 percent in 2003.

3M Nevada, in Nevada, Missouri, has reduced its energy use by nearly 50,000 MMBTUs, and cut its emissions of volatile organic compounds and toxic emissions by 57 percent.

Arizona Chemical

Arizona Chemical of Pensacola, Florida, a facility with 43 employees, manufactures terpene-phenolic and polyterpene resins that are used in hot-melt adhesives, box-sealing adhesives, book bindings, chewing gum, and inks and coatings. This facility committed to reduce its toxic air emissions of xylene and ethylbenzene. By the end of its first year of participation in Performance Track, the facility had reduced its emissions of these two chemicals from 19,334 pounds to 9,258 pounds. Reductions projects included tying in emissions from the distillation column to an existing vapor condenser, modifying the vent header, and installing equipment to remove toxics from wastewater, thus reducing air emissions from wastewater trenches and process sewers

Performance Track Participants' Association

Performance Track members have formed a private, independent membership association that provides a forum for members of the program. Performance Track Participants' Association (PTPA) members exchange information and benchmark best practices with each other, work closely with EPA in the development and implementation of Performance Track incentives, educate and inform the public and other stakeholders of the work

being done by Performance Track members, and work toward educating and informing policy makers of the important role that Performance Track plays in improving the environment. PTPA organized the 2004 Annual Members' Event in cooperation with EPA, and has held meetings and maintained communications with the EPA Administrator and headquarters staff, EPA regional offices, and states to help build support for Performance Track. For more information, visit the association's website at www.ptpaonline.org.

Performance Track Partnerships

EPA partners with states, trade associations, and other public- and private-sector organizations to promote Performance Track and collaborate with other performance-based programs.

Partnerships with States

EPA and state governments are partners in implementing Performance Track and delivering benefits to member facilities. EPA works with the states to advance the principle that high-performing facilities should be recognized and rewarded for their accomplishments by enabling them to focus more on environmental progress than on process.

Performance Track complements and builds on the successful environmental performance programs launched by the program's state partners. Some of these programs were established prior to Performance Track's inception and served as models for the national program, which in turn helped to spur the development of additional state programs. Although some state programs are rooted in EMSs and others in pollution prevention, they all support environmental performance that goes beyond compliance.

EPA and the states believe they can achieve more by working together than by pursuing their goals independently. Therefore, representatives of EPA and state agencies are in

frequent contact as they coordinate the development and implementation of their programs. EPA consults with states on policy issues such as member implementation of EMSs. States participate in site visits to Performance Track facilities, as well as in Performance Track member events at the national and regional levels. EPA considers state input crucial to its decisions on facilities applying to Performance Track.

To further facilitate this partnership, each year EPA organizes a conference for state and regional officials to discuss topics that are important to their varied, but aligned, performance-based programs. Sessions range from brainstorming the development of new incentives to presentations by program members, with a focus on providing an opportunity for participants to benefit from problem-solving discussions and exposure to state-of-the-art approaches to measuring performance.

Progress in 2004

In some respects, the most significant work between EPA and the states has taken place during the past year. On October 4, 2004, former EPA Administrator Mike Leavitt hosted a discussion at the Environmental Council of States (ECOS) 2004 fall meeting in Oklahoma City. The Administrator invited senior managers from strong partner states as well as from EPA Headquarters and regional offices. Leavitt and state officials discussed the value of performance-based programs and the elements of these pro-

“Before we started in Performance Track, we'd reached a plateau in our environmental improvement at some of our plant locations. Now we're leveraging Performance Track to help us with further improvements in reducing our environmental footprint.”

Sara Ethier

Director, Environmental Operations
3M

Johnson & Johnson Pharmaceutical Research and Development

Johnson & Johnson Pharmaceutical Research & Development, L.L.C. of Spring House, Pennsylvania, is a campus of 1,100 employees conducting research and development from laboratory-scale drug discovery to pilot-scale chemical development. Between 2000 and 2003, the facility reduced its annual solid waste by eight tons, despite a 22 percent growth in the number of employees, by making changes to its animal caging system; capturing waste from overspray powders and enzyme bead, and reselling it for reuse by an off-site third party; and implementing Design for the Environment principles, a systematic process to identify and minimize the environmental impacts of products and processes across their entire life cycle.

When this facility renewed its membership in 2003, it committed to making further reductions in waste generation and other improvements in waste management practices.

grams that are important to future success. He then asked the states to advise him if they were interested in engaging in the necessary steps to support and meaningfully expand these leadership programs.

In response to this challenge, representatives from ECOS conducted a nationwide survey, polling states on their support for Performance Track and state performance-based programs. With responses from 41 of the 50 states, ECOS was able to formulate goals and objectives for the coming year. The results showed that many states are interested in performance-based leadership programs and in learning how to improve them.

Another aspect of the ECOS research included a meeting of officials from ECOS, EPA, and the Performance Track Participants' Association to obtain input from the perspective of performance-based program members. Participants in this meeting agreed to continue to work together to identify and target new states in the effort to expand the reach of performance-based programs.

On January 13, 2005, ECOS issued its final report, which focused on recommendations for improving the effectiveness of performance-based environmental programs. The report made several specific recommendations: 1) to support state programs and state efforts to work with Performance Track; 2) to assure program support from all EPA program offices; 3) to provide incentives to participants faster; and 4) to conduct more strategic marketing and education to promote the programs. These recommendations have been transformed into action plans that will be addressed by senior EPA management and ECOS representatives, with participation by members of Performance Track and state programs. This group will

work toward meeting the action plans' goals during 2005.

Agreements With States

States that wish to maximize the coordination of their performance-based incentive programs with Performance Track may enter into a Memorandum of Agreement (MOA) with EPA. To date, EPA has signed MOAs with nine states: Colorado, Georgia, Maine, Massachusetts, Tennessee, Texas, Utah, Virginia, and Washington. EPA is currently working to develop agreements with several other states. These MOAs provide a framework for joint recruitment, admissions, and delivery of incentives to program members. Through EPA's MOA with Texas, for example, Texas and EPA have worked together on a plan to integrate their performance-based programs. That plan has been implemented on an incremental basis throughout 2004.

EPA and the states continue to work together to enhance performance-based programs and reward program members for their leadership in environmental protection. Each step forward serves to affirm the growing strength of the federal-state partnership — the benefits of which will be reaped by the American public and the environment.

Partnerships with Other EPA Voluntary Programs

Many other EPA voluntary programs share Performance Track's goal of achieving continuous environmental improvement. The Sector Strategies program works closely with 12 industry sectors to promote the use of EMSs, overcome regulatory and other barriers to environmental improvement, and improve the ability to measure performance.

Released in June 2004, the *Sector Strategies Performance Report* documents the environmental results that are being achieved in each of these 12 sectors. This report can be found online at www.epa.gov/sectors/performance.html. Several current members of Performance Track — among them Chicago White Metal, Bath Iron Works, Baker Petrolite, and the Port of Houston — built their qualifications for Performance Track by participating in the Sector Strategies program.

Members also are finding value in linking their Performance Track efforts with other EPA voluntary programs. For example, the Corporate Leaders are expanding their involvement in EPA's Green Suppliers Network, as a way to influence the environmental performance of their supply chain. Many members also are linking their participation in programs such as Climate Leaders and the Resource Conservation Challenge with Performance Track. More information on the wide range of EPA voluntary programs is available at www.epa.gov/partners/programs/.

Performance Track Network Partners

Performance Track Network Partners are national trade associations, non-governmental organizations, and professional organizations that work in partnership with Performance Track to promote the program and its benefits. There are currently 22 partners in the program.

EPA recognizes partners by acknowledging their efforts in publications and at Performance Track events. The Agency provides partners with materials to assist them in marketing Performance Track, and EPA representatives may be available to speak about Performance Track at partners' conferences

and meetings. If a partner has its own voluntary environmental performance initiative, EPA works with the partner to identify similarities to Performance Track and potential opportunities for further collaboration. The Agency periodically arranges opportunities for roundtables and other information exchanges involving network partners, agency decision makers, and EPA subject matter experts.

In June, 2004, EPA signed a Memorandum of Agreement with two network partners, the American Chemistry Council (ACC) and the Synthetic Organic Chemical Manufacturers Association (SOCMA), to achieve closer collaboration between Performance Track and Responsible Care®. The new agreement will streamline the EMS component of the Performance Track application process for Responsible Care-certified facilities, including members of ACC, SOCMA, and ACC Responsible Care Partners. EPA also will coordinate with ACC and SOCMA on the scheduling of site visits to Responsible Care/Performance Track facilities, minimizing disruption by combining the two programs' site visits and audits wherever possible. In addition, EPA, ACC, and SOCMA will collaborate to share lessons and ideas on performance measurement between Performance Track and Responsible Care to increase awareness of Performance Track within the chemical industry.

In November, 2004, Performance Track and another network partner, the Wildlife Habitat Council (WHC), held a joint technical workshop at WHC's 16th Annual Symposium in Baltimore, Maryland. During the workshop, EPA and WHC recognized a number of companies and facilities for their participation in both Performance Track and WHC. The

Performance Track Network Partners

- Academy of Certified Hazardous Materials Managers
- American Chemistry Council
- American Furniture Manufacturers Association
- The Associated General Contractors of America
- The Auditing Roundtable
- Cement Kiln Recycling Coalition
- Global Environmental & Technology Foundation & Public Entity EMS Resource Center
- Greening of Industry Network
- International Carwash Association
- National Association of Chemical Distributors
- National Defense Industrial Association
- National Paint and Coatings Association
- National Pollution Prevention Roundtable
- National Ready Mixed Concrete Association
- National Stone, Sand, and Gravel Association
- NORA, an Association of Responsible Recyclers
- North American Die Casting Association
- Screenprinting & Graphic Imaging Association International
- Steel Manufacturers Association
- Synthetic Organic Chemical Manufacturers Association
- Voluntary Protection Program Participants' Association
- Wildlife Habitat Council

facilities received a joint certificate of recognition for their commitment to outstanding environmental performance and wildlife habitat enhancement and restoration. Performance Track and WHC also conferred a special commendation to Monsanto Company's facility in Muscatine, Iowa, for its outstanding achievements in environmental management and wildlife habitat restoration.

The Performance Track Members' Survey

“The Performance Track program makes sense from a business perspective. Not only in terms of costs vs. benefits, but also from a general public perception standpoint, by improving your image within your local community.”

Leah Wood

Environmental Counsel
Associated General Contractors
of America

During the summer of 2004, Performance Track conducted an online survey to determine how members value the services provided by the program. Seventy-six percent of current Performance Track members responded to the survey, providing valuable information that will help EPA determine the future benefits offered to members. Eighty-six percent of respondents reported that they are satisfied with the recognition they receive from Performance Track.

The survey produced the following key findings:

- The most important reason members join and stay in Performance Track is the opportunity for a collaborative relationship with EPA and the states.
- Members want state buy-in of Performance Track.
- Members want to publicize their Performance Track membership to the local community and local regulatory agencies.
- Although regulatory incentives are not the primary reason for joining or continuing in Performance Track, members want to see the regulatory incentives expanded.
- Members are aware of, and in general find useful, the services offered by Performance Track.

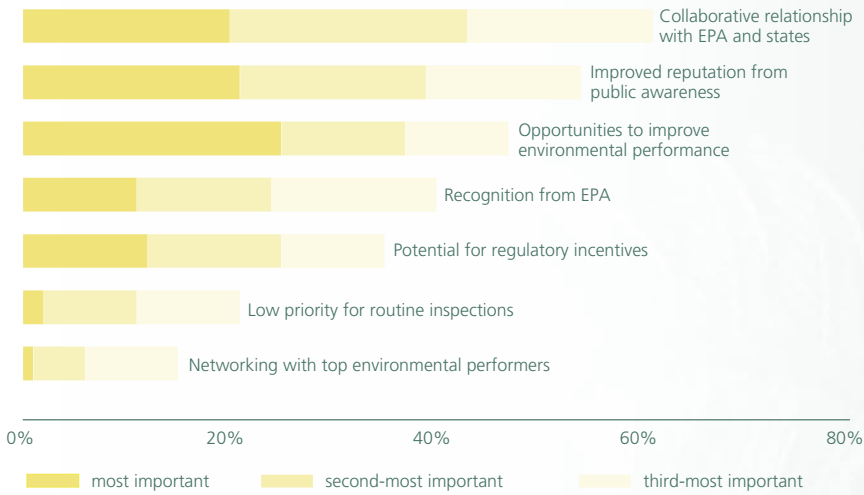
Performance Track staff created a workgroup to develop an action plan that would address the survey's findings. The actions are organized around cultivating more collaborative relationships, encouraging state support of the program, increasing community outreach, and continuing to expand incentives.

Among the action items in the plan are:

- Hold meetings on Performance Track incentives with each EPA program office and conduct follow-up;
- Develop new case studies that show how Performance Track contributes to environmental protection goals;
- Better publicize online tools for member community outreach; and
- Set up meetings with regional administrators and state commissioners to discuss Performance Track.

EPA staff have begun to work on a number of the goals and will continue to work toward achieving all goals in order to improve the program for each member. The action plan is available online at www.epa.gov/performancetrack/downloads/survey_action_plan.pdf.

Figure 4: Top-ranked motivating factors in facilities' decision to join Performance Track



“The best thing about Performance Track is that it’s truly a partnership between businesses and EPA; it’s a great approach to address common environmental issues.”

Steve Green
Environmental Manager
Nucor Steel Auburn, Inc

Figure 5: Survey respondents' ranking of benefits that Performance Track might provide to better complement their business goals or mission

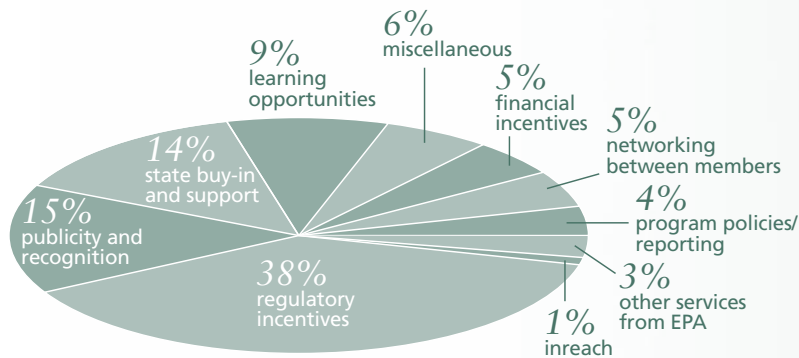
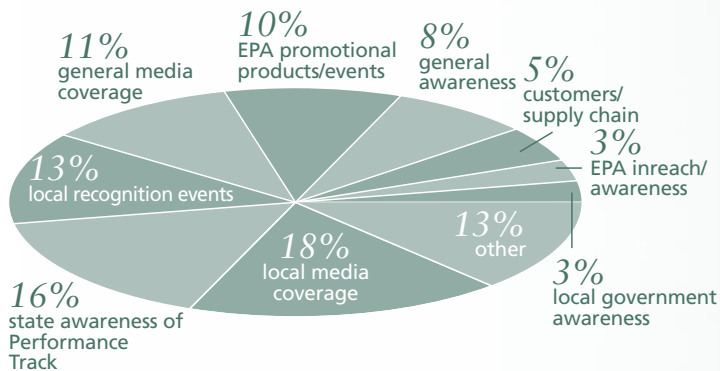


Figure 6: Survey respondents' recommendations for ways Performance Track could improve the recognition members receive



Conclusion

“As aggressive and proactive stewards of the environment, we are honored to be a part of the program. That’s why we added the Performance Track logo to our company letterhead.”

Rex Query

Vice President and General Manager
Nucor Steel

With the successful completion of its first three-year membership period and its first renewal season, Performance Track has passed an important milestone in its growth and development. By renewing their membership, more than three-quarters of Performance Track’s charter facilities demonstrated that they value the recognition and other benefits they receive from the program. At the same time, EPA and its partners worked hard to strengthen the business case for membership in Performance Track by developing new incentives and encouraging broader support of Performance Track incentives by states.

The member survey conducted during the summer of 2004 provided EPA with its first in-depth look at how members view the program. It helped the Agency identify the features that members value most, and provided clear direction for the steps that should be taken to add to that value in the future.


Performance Track launched a new Corporate Leader designation in 2004 to recognize companies that have multiple facilities in the program and that demonstrate an exceptional corporate-wide commitment to environmental stewardship.

Looking ahead, Performance Track will continue working to broaden and deepen its membership, enhance its business value and appeal as a standard of achievement, and increase the environmental value of the program. In March, 2005, EPA announced that it had selected 54 new Performance Track members in the most successful recruiting round since 2000. The Agency and its partners look forward to another year of growth and renewal for Performance Track as the program builds on the achievements and promise of 2004.

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EPA 240-K-05-002
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