

PATHWAYS TO
ENVIRONMENTAL
EXCELLENCE

2003

NATIONAL ENVIRONMENTAL

Performance Track *Members Event*

APRIL 9, 2003 • FAIRMONT WASHINGTON HOTEL
2401 M STREET, NW • WASHINGTON, DC



EPA Recognizes an Ever-Growing Community of Environmental Leaders

On April 9, 2003, in Washington, DC, EPA Administrator Christie Todd Whitman set an upbeat tone for the 2003 National Environmental Performance Track Members Event. Addressing an enthusiastic crowd, Administrator Whitman recognized the achievements of Performance Track members and thanked participants for helping deliver the message that "economic prosperity and environmental performance and protection can, and must, go hand in hand."

Administrator Whitman noted that, in the last year, the Performance Track program grew to more than 300 members. As the program grows, so too do the incentives. Over the coming year, the Administrator promised, EPA will work to expand the program benefits. EPA will evaluate opportunities

for reducing facilities' reporting under the hazardous waste program, further reduce other routine reporting requirements, and offer members more flexible approaches to air permitting (e.g., voluntary limits or "caps" on a facility's total emissions, known as plant-wide applicability limits, which will allow a facility to make modifications without triggering major New Source Review requirements). In addition, Whitman has asked the assistant administrators from each major regulatory area in EPA to recommend further incentives for Performance Track members by the end of May 2003. "Given your strong environmental performances," said Whitman, "we want to enable you to focus more on environmental innovation and less on routine reporting."

Announcing the release of the first Performance Track Progress Report, Administrator Whitman praised the environmental results that Performance Track members achieved during the first year of program participation. Citing major reductions in energy use, generation of hazardous wastes and solid wastes, and more, the Administrator noted, "This is only the beginning." She urged members to continue to move the program forward by informing other businesses about Performance Track and its benefits, and motivating them to improve their environmental performance. "By working together in partnership," said Whitman, "we're making great progress toward the shared goal of a healthier, safer environment for our children and grandchildren."



EPA Administrator Christie Todd Whitman addresses the crowd at the 2003 National Environmental Performance Track Members Event

OUTREACH AWARDS

At the members' event, EPA presented awards to seven companies for their outstanding contributions toward increasing membership in the National Environmental Performance Track program and fostering improved environmental performance among their peers.

To be considered for an award, facilities were self-nominated or nominated by other facilities, state or local entities, or EPA Performance Track staff. Winners were selected based on their special public outreach efforts to promote the value of environmental performance or partnership in the Performance Track program, or both.



Chaitan Daiyan receiving Outreach Award on behalf of Motorola



Sam George accepting the award on behalf of Madison Chemical Co.

★ **Baxter Healthcare Corporation**

Aibonito, PR

This facility was instrumental in recruiting three new Baxter facilities into Performance Track and securing management support for the program from the company's public relations office. Baxter also introduced the Performance Track program to key trade groups in Puerto Rico, creating substantive new partnership opportunities.

★ **Ideal Jacobs Corporation**

Maplewood, NJ

Ideal Jacobs participated in numerous speaking engagements on behalf of Performance Track, sought opportunities for EPA to conduct program outreach, and promoted the program both within the small business community and the printing industry.

★ **Lockheed Martin, Naval Electronics & Surveillance Systems-Undersea Systems**

Manassas, VA

Lockheed Martin-Manassas provided mentoring and technical assistance to potential Performance Track members, developed environmental education programs in the local community, spoke about the program at various conferences and events, and assisted EPA in various promotional activities.

★ **Madison Chemical Company**

Madison, IN

Madison undertook an impressive direct mail campaign to follow up with potential new Performance Track member facilities, and company representatives spoke at conferences about the benefits of the Performance Track program.

★ **Motorola**

Schaumburg, IL

Representatives from this Motorola facility regularly spoke at Performance Track meetings and technology innovations events, hosted recruiting events, educated other Motorola facilities about the benefits of the program, and helped Performance Track forge relationships with key groups.

★ **Norco Cleaners**

Dolton, IL

Norco Cleaners creatively used the Performance Track logo to promote the program, participated in speaking engagements, and repeatedly referenced the Performance Track program at various recognition events in both civic and political spheres.

★ **Nucor Steel Auburn, Inc.**

Auburn, NY

Nucor promoted the Performance Track program to key trade organizations in New York State and was instrumental in recruiting a new national network partner. In addition, Nucor placed strategic Performance Track articles and creatively used the Performance Track logo to help brand the program.

Performance Track Program Update

Following the Administrator's presentation, Jessica Furey, associate administrator of EPA's Office of Policy, Economics, and Innovation, provided an overview of the current status of the Performance Track program. She announced that membership now spans 41 states and Puerto Rico, and has become very diverse, with large and small businesses of all types.



Jessica Furey, associate administrator of EPA's Office of Policy, Economics, and Innovation

The membership now includes a jet manufacturer (Dassault Falcon) and a second local government (General Services Division of Jefferson County, Alabama). Extending a special welcome to the 60 new Performance Track members, Furey commended the program for how far it has come in the three years since its inception, and she shared her vision for the program's future.

"Performance Track members," said Furey, "are delivering actual, measurable environmental results." According to the first Performance Track Progress Report, members collectively reduced energy consumption by 6 percent and solid waste generation by 11 percent in the first year of the program alone. Members also reduced packaging materials by 50 percent and preserved or restored 2,700 acres of habitat. Other impressive goals were realized, including reductions in the use of water and solvents, and emissions of volatile organic compounds, to name a few.

In addition to environmental results, Performance Track is delivering business value. Regulatory flexibility aside, the program provides an EPA stamp of approval to businesses—leading to appreciation by their customers, investors, employees, and communities. "Rest assured, the brand value of the Performance Track name is growing," asserted Furey.

Of course, Performance Track provides many other benefits, too. EPA staff have conducted nearly 80 site visits, sponsored bimonthly seminars, and planned regularly scheduled networking events for members to foster the fruitful exchange of ideas and experiences. EPA also signed memoranda of agreement with five states (i.e., VA, MA, TX, CO, and TN) with performance-based incentive programs to provide a framework for joint recruitment, admissions, and delivery of incentives to program members. In addition, EPA is starting a one-on-one mentoring program and is launching a database of leadership practices in cooperation with Greenbiz.com. "The Performance Track program is creating opportunities for learning and improvement for all of us," said Furey.

Moreover, as the program matures and grows, it will continue to improve on several fronts. Specifically, Performance Track will concentrate on the following four goals over the next year:

- *Continue to increase the program's environmental value by improving performance measurement, enhancing opportunities to share best practices, providing tools, and reducing regulatory barriers;*
- *Enhance the program's business value by promoting dialogue and implementing regulatory and policy changes that reduce costs and enhance flexibility (e.g., by seeking public comments from members on what incentives should be made available to them);*
- *Grow the program by sustaining at least a 25 percent annual growth rate in applications (at corporate, federal, and local government levels); and*
- *Expand ownership by engaging trade associations, building stronger relationships with environmental groups, and maximizing EPA/state coordination of performance-based incentive programs.*

Innovation as a Catalyst for “Best-in-Class” Environmental Performance

The first panel session was moderated by John Peter Suarez, assistant administrator of EPA’s Office of Enforcement and Compliance Assurance (OECA). Before turning the stage over to the panel, which featured prominent leaders at the federal, state, and grassroots levels, Suarez noted that OECA was one of the first EPA offices to provide incentives to Performance Track members, assigning them low-priority for routine inspections. He also assured the audience that his office is committed to identifying further incentives to encourage the growth of the program and provide additional benefits to the companies that lead the way in environmental compliance. “Just last week I announced a number of initiatives to enhance innovations and achieve results in our enforcement and compliance program,” said Suarez. “This should provide avenues for creative, innovative ways to deal with the challenges that lie ahead.”



John Peter Suarez, assistant administrator of EPA’s Office of Enforcement and Compliance Assurance

Offering Cutting-Edge Programs in Solid Waste and Emergency Response

“For several months,” said Marianne Lamont Horinko, assistant administrator of the Office of Solid Waste and Emergency Response (OSWER), “my office has been working to define a set of innovative incentives for Performance Track companies to support even better environmental stewardship.”

She described three new voluntary initiatives OSWER is developing:

- (1) **the Innovation Initiative;**
- (2) **the Resource Conservation Challenge; and**
- (3) **the Waste Minimization Program.**

These programs aim to develop and test new ideas to make waste management programs more efficient, effective, and user-friendly.

One component of the Innovation Initiative is the Innovation Pilot Program, which will fund at least 12 waste management pilot projects in 2003. Examples of pilot programs include the testing of new recycling technologies (e.g., to convert wood pallets to wood flooring), the elimination of unnecessary packaging in the e-commerce industry, and the development of a recycling/reuse program for cellular phones. Horinko informed the audience that now is the time for people to become involved in these projects since they are in the early stages, or to propose other ideas for new pilot projects.



Marianne Lamont Horinko, assistant administrator of the Office of Solid Waste and Emergency Response

The Resource Conservation Challenge (RCC) targets the “cradle for products rather than the “grave”—pollution prevention, waste minimization, recycling, and energy recovery. These goals are accomplished through changing consumer behavior, providing incentives to manufacturers to generate less waste, and encouraging product design using recycled and reusable components. Operated out of EPA headquarters and the regional offices, RCC agreements already have been signed with diverse industries and groups, including the Carpet and Rug Manufacturing Institute and a number of representatives from the electronics industry.

Finally, *through the Waste Minimization Program, companies voluntarily commit to reduce 30 targeted chemicals* in their waste stream by 50 percent by 2005. Dozens of companies have signed up for the pledge.

Horinko concluded her presentation by soliciting ideas from Performance Track members about how to make these and other like-minded programs thrive. “*We view you as critical partners in our success,*” she said.

Integrating State and Federal Innovations

The Texas Experience

Robert J. Huston, chairman of the Texas Commission on Environmental Quality, stated that today's environmental challenges require performance-based strategies, such as Performance Track, and that, to move forward, a convergence between the regulated communities and both federal and state governments is needed.

To this end, Texas is one of the first states to enter into a memorandum of agreement with EPA—designed to harmonize the national Performance Track program with a like-minded program in Texas called Clean Texas Leader. This program encourages facilities to pursue more innovative activities and demonstrate environmental stewardship in site operations or through reduction of the environmental impact of its product or service throughout the full life-cycle, or both.

Like many other states, Texas is working to align parallel programs within their jurisdictions and to develop a closer relationship between their program and the National Environmental Performance Track program. “We would like to advance the notion that both programs can operate almost as one,” said Huston, “so a company can come through a single portal to become a member of a state-level program and the National Environmental Performance Track.”

Huston underlined the need to advance dialogue on real incentives, including the integration of state and federal programs, so that the business benefits become very real. Later, in response to a question from the audience, Huston made clear that when it comes to memoranda of agreement between EPA and states, “one size does not fit all.” Huston said, “It is critical to provide incentives but not to lower the bar.” Depending on statutory or regulatory structures, a memorandum of agreement may or may not be appropriate for each state.

The Virginia Experience

Michael Murphy, director of the Division of Environmental Enhancement at the Virginia Department of Environmental Quality (DEQ), focused on the Virginia Environmental Excellence Program (VEEP) and the April 2002 memorandum of agreement between the Virginia DEQ, EPA headquarters, and EPA Region 3.

The Virginia program, he pointed out, is similar to the National Environmental Performance Track but has a “tiered” structure that includes an entry or “on-ramp” level of performance for prospective environmental leaders. More specifically, the program has an “E3” level of participation, for the top environmental performers (e.g., those who are in full regulatory compliance and have an environmental management system in place), and an “E2” level (the “on-ramp”) for facilities on track to E3 but falling short of the E3 performance requirements. Like members of Performance Track, E3 participants are encouraged to pursue more innovative activities and demonstrate environmental stewardship in site operations.

Murphy explained that, to avoid duplication of efforts, companies in Virginia would like to apply for membership in both the VEEP E3 and Performance Track programs through one process. And this is exactly what the memorandum of agreement aims to do. “We’re striving for a reciprocal agreement whereby if you’re a member of the Performance Track program, you can automatically get into our program,” said Murphy. Through the memorandum, regulators have committed to cooperate to streamline applications, incentives, marketing, the measurement of results, and the publishing of results from both the VEEP and Performance Track programs.

Murphy concluded by sharing some lessons learned over the last three years since VEEP’s implementation. He noted that the value of environmental management systems and the stamp of approval from programs like VEEP and Performance Track should not be underestimated, as both are tools to minimize risk (and legal action) effectively. Murphy also emphasized that the on-ramp is important to get new companies involved in environmental performance programs and enable them to grow into full-blown participants.



Ira Leighton, deputy regional administrator, EPA Region 1, networking with participants.

Pushing Corporate Change: Partnerships with Nongovernmental Organizations

The panel's final speaker, Gwen Ruta, director of Corporate Partnerships at Environmental Defense, discussed "the Green Edge"—how an environmental nonprofit organization can influence corporate America through partnerships. Environmental Defense has launched two types of corporate partnerships: the Partnership for Climate Action and the Alliance for Environmental Innovations.

Both programs target three goals:

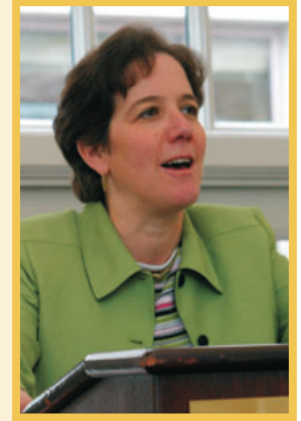
- 1) to produce measurable and significant environmental gains;**
- (2) to provide business benefits (e.g., cost savings, first-mover advantages, brand recognition); and**
- (3) to create broader change (e.g., best practices for each industry sector, widescale adoption of actions through state or federal policies).**

The Partnership for Climate Action, launched in 2000, is a collaboration of businesses and environmental groups to reduce greenhouse gas emissions. Through this program, companies commit to self-imposed targets, design action plans, and monitor environmental performance. To date, successful partnerships have been forged with British Petroleum, Dupont, and Clairol, to name a few. Combined, corporations aggressively cut emissions by 17 percent—about three times more than they would have been required to do under the Kyoto Protocol—while also improving their corporate bottom line. Furthermore, as leaders within their industries, these corporations have proven to their competitors that emission reduction strategies can be incorporated economically into routine business operations.

The Alliance for Environmental Innovations develops one-on-one partnerships whereby Environmental Defense helps a corporation develop an action plan to reduce its impact on the environment—whether through reducing fuel consumption, packaging materials, paper use, emissions, antibiotics in food, or otherwise. "We work mainly on the product side of things, to 'green' the supply chain by changing product characteristics," said Ruta. Alliance partners to date include McDonalds, Starbucks, UPS, FedEx, and Citigroup. Ruta explained that, in addition to bringing a different perspective to the table, Environmental Defense can provide companies with new ideas, innovations, and product design concepts. Environmental Defense also helps corporations set the bar as high as possible by pursuing aggressive but realistic goals. As an outside verifier, Environmental Defense brings credibility to those efforts, while providing access to regulators and environmental stakeholders through the organization's networks. "I encourage you to take advantage of the resources that groups like mine represent," said Ruta, "which can help you broaden your company's horizon and think creatively about how to meet your goals."

Integrating Sustainability into a Company's Core Strategy

At the luncheon, following the welcoming of new Performance Track members by Daniel Fiorino, director of the Performance Track program, Mindy Lubber, executive director of the Coalition for Environmentally Responsible Economies (CERES), challenged the audience with a passionate and provocative presentation on opportunities for organizations to integrate sustainability principles into their core business strategy.



Mindy Lubber, executive director of the Coalition for Environmentally Responsible Economies

Lubber focused her discussion on climate change, which she argued is as much about economics as it is about the environment. Citing numerous examples of how climate change has, and will, affect businesses and their profits internationally, Lubber encouraged the audience to face climate change directly and act responsibly to counter adverse impacts. She advised companies to assess their risk exposure, analyze their current and future emissions, and develop appropriate mitigation strategies. "The failure to analyze [climate change]—either now or later, either before the effects are irreversible or after, either morally or legally—will be viewed as a breach of duty," she said.

Lubber urged participants to incorporate environmental issues and decisionmaking at the top management level in order to maximize change. "The key to the long-term health and prosperity of any company—as well as that of our planet, to be sure—will depend on the integration of sustainability issues into the core strategy of a company," she said. With this goal in mind, CERES works with companies, shareholders, and institutional investors to integrate sustainability into corporate strategies at the highest levels. Through what are known as "sustainable governance projects," CERES helps companies focus on long-term viability and risk, and design appropriate mitigation activities.

Lubber concluded her presentation on a positive note, inspired by the proactive leadership of Performance Track members and by the fact that the number of real decision-makers is small. "We can reach them," she affirmed.

The Race to the Top

The day's second panel, moderated by EPA Regional Administrator Jane M. Kenny (Region 2), highlighted the successes of three companies. These firms are setting new standards in product stewardship, supply chain management, and product design.

3M Takes Product Stewardship to the Next Level



Dr. Katherine Reed, vice president of Environmental, Technology, and Safety Services at 3M,

described her

company's innovative approach to product stewardship, which began more than 20 years ago. As part of 3M's goal to reduce its air emissions by 90 percent from 1990 to 2000, 3M engineers were forced to innovate and develop alternatives for its solvent technologies.

Over a 12-year period, 3M pioneered the development and production of solvent-free diaper tape and masking tape—products that not only proved to be more benign to the environment, but also demonstrated improved product performance, brought higher customer satisfaction, and saved the company a significant amount of money.

More recently, after introducing a life cycle management tool, 3M also developed lead-free commercial graphics. Combined with a marketing campaign to educate international buyers about the product's environmental, health, and safety advantages, 3M's lead-free graphics have enjoyed remarkable market success.

"When we're able to make the R&D and manufacturing investment and have the customers accept or drive the change, we really win on every front," said Reed.

Bristol-Myers Squibb Maximizes Benefits through its Supply Chain

For an example of how supply chain management can be used to improve environmental performance, Susan Voigt, vice president for the Environment, Safety, Health, and Product Quality department at Bristol-Myers Squibb, shared some of her company's success stories. This \$19 billion global pharmaceutical company not only has an environmental management system in place but also has gone a step further by encouraging its global suppliers and contractors to adopt proactive environmental policies and performance.

"Like the Performance Track program," said Voigt, "through the supply chain, businesses can learn from each other and address problems and opportunities together."

Through partnerships, dialogue and engagement, purchasing guidelines, and clear sustainability goals for the future, Bristol-Myers Squibb is creating environmental improvements with a domino effect. So far, the company has shared innovative practices to eliminate the use of toxic solvents with suppliers in Egypt and Greece, worked closely with suppliers to improve and reduce packaging materials, and encouraged the development and adoption of environmental management systems by more than 15,000 key suppliers.

Motorola Greens Product Design

Continuing the panel discussion,



Dr. Bill Hoffman from Motorola's Advanced Technology Center,

described the

company's successful

process for incorporating environmental considerations into its product designs. First, Motorola developed a set of metrics and standard procedures used to assess new product designs based on environmental parameters. These standards are outlined in the company's *Products Metrics Guidance Document*, are taught to engineers from each design team, and now are beginning to be implemented in new product design and development processes. The standards scientifically assess a product's recyclability, risk (toxicity), energy use, and packaging efficiency. A "Green Design Advisor," developed by Motorola's Advanced Technology Center, is used to report environmental performance and end-of-life strategies (including maximal recyclability and optimal disassembly), while life cycle assessments are conducted on families of products. In addition, Motorola works with suppliers to maximize the environmental performance of all input products in terms of recycled content, energy use, and toxicity. Using these approaches, Motorola has developed a cellular phone made of recycled plastic, with 51 percent less lead and 89 percent less bromine than the standard product, and a charger that is 66 percent more energy efficient.

AFTERNOON SESSIONS

The event's first breakout discussion in the afternoon focused on the Performance Track Mentoring Program. Participants in a second session discussed best practices and community engagement, and those in the third group focused on performance measurement and reporting.

Mentoring Workshop

Moderated by Dayna Greenberg of EPA's Performance Track program, the first breakout session focused on the Performance Track Mentoring Program, which was created to support the trend towards voluntary activities beyond compliance requirements.

Greenberg began the forum by describing the program and the roles and responsibilities of mentors and mentees. "A mentor is a trusted guide or counselor who has a stake in the success of the mentee," explained Greenberg. The goal of the program is to arm mentors with adequate information so that they are able to address their mentee's questions, assist them with the application process, and encourage them to achieve environmental excellence.

David Gunnarson, environmental manager at Lockheed Martin Naval Electronics and Surveillance Systems, then shared his company's mentoring experience. Gunnarson informed the audience of ways that both parties can help each other and demonstrated the benefits that the relationship can foster.

Paula Van Lare of EPA's Performance Track program followed by discussing the EPA mentor application process and the program's general benefits. "It is hoped that mentors will pass on some lessons learned to their mentees in regards to the application process, environmental management systems in general, and their commitment to the continued success of the program," said Van Lare.

Tim Stuart, another EPA Performance Track staffer, concluded the session by reviewing the resources available through EPA to help initiate mentor partnerships.

Best Practices and Community Engagement

Another concurrent session, moderated by Michael Kane of the National Environmental Performance Track program, led off with Joel Makower, founder and director of the Green Business Network, explaining the mission of his nonprofit organization. According to Makower, the Green Business Network is integrating news, information, best practices, award-recognition programs, technical assistance programs, funding programs, and export technology transfer initiatives offered by government, businesses, and nonprofits across the country on one website, and attempting to reach the broadest possible business audience.

"The issue that we're trying to address," said Makower, "is that there's very little information sharing going on in the business community... and there's a significant need for companies to know in an anonymous fashion what others are doing."



To address this need, Makower introduced Greenbiz.com, a user-friendly website that is available to the public free of charge and serves as a storehouse of information about anything related to corporate environmental activities. Companies are invited to make use of this resource and to keep an eye on Web developments by the Green Business Network currently under construction, such as ClimateBiz.com (developed in partnership with Business for Social Responsibility) and Greenbuildings.com (developed in cooperation with the U.S. Green Building Council).

Next, participants heard from Janet Boguslaw, senior research associate at the Center for Corporate Citizenship at Boston College, an academic and membership organization dedicated to increasing the corporate role in community involvement. Boguslaw described various kinds of community involvement and provided samples of frameworks for proactive corporate action. To develop an appropriate approach to community engagement, Boguslaw maintained that organizations should identify their capabilities, resources, stakeholders, and their strategic corporate response. Ultimately, however, when it comes to successful community engagement, "all that is needed is a vision and the time to make it happen," said Boguslaw.

Performance Measurement and Reporting

The third concurrent breakout session, moderated by Susan McLaughlin of EPA's Performance Track program, opened with Susan Hall, executive director of the Climate Neutral Network, and Janet Ranganathan, senior associate of the Sustainable Enterprise Program at World Resources Institute (WRI), providing solutions for the reduction of greenhouse gas emissions. Hall highlighted the "Climate Cool" strategy in which companies are aiming to achieve a net zero impact on the earth's climate while benefiting suppliers, customers, communities, and a company's bottom line. Ranganathan stressed the importance of standards, guidance, and calculation tools to measure greenhouse gas emissions, and informed the audience that her organization will be publishing a second edition of corporate accounting standards in July 2003.

In the second half of the session, Charles Brazell, senior environmental, health, and safety specialist at the Brown and Williamson Tobacco Corporation, gave a presentation on his company's approach to ensure accurate reporting. "The key to our successful measurement reporting," said Brazell, "is the corporation's global strategy, reliable systems, and employee communication among operations and management."

Management at Brown and Williamson requires that each department submit monthly and annual reports based on set goals and requirements. To streamline the process, the corporation developed a database to track environmental performance and obtain accurate information. The database enables the company to develop appropriate goals for the future, as well as action plans and measurement tools to meet those goals.

Looking Forward

The National Environmental Performance Track has achieved impressive, measurable results during its first three years—from defining its purpose, policies, and functions to establishing a solid membership base, name recognition, broad-based institutional support, and—most importantly—environmental improvement. Performance Track also has proven that environmental performance and business benefits can and do go hand-in-hand, and that regulators and industry can work together in partnership. As we move forward, the Performance Track program promises to benefit from increased membership, new linkages with state programs, improved environmental performance, and information exchange that will enhance the business value associated with voluntary participation. Together, we can—and will—build a better future.