Columns

Printer-friendly version | Email this document



Ask the Experts

by Steve Rice, Richard MacLean & Jeff Erikson

August 2004

The Most Reputable Green Tag Companies

Also this month:

* * * * *

A Special Note to Our Readers: *This edition of* Ask The Experts *begins our fifth year of bringing you the most responsive and insightful column on strategic EH&S management, sustainability and, recently, Responsible Care Management Systems, available anywhere. We will be rolling out a few exciting improvements over the next few months, beginning with the addition of our new guest contributor, Jeff Erikson. He is the Director of Operations for the U.S. Office of SustainAbility. Jeff's industry experience will provide valued insights and opinions on the areas of corporate social responsibility and sustainability. As always, stay tuned . . .*

* * * * *

Which are the most reputable Green Tag companies?

Richard: First some background. Green Tags are a type of certificate representing the environmental and social benefits of renewable generation. They are used to support the development of new sources of renewable energy generation. As such, they are tax deductible, if purchased through a non-profit such as the Bonneville Environmental Foundation. The system differs from directly purchasing "renewable electrons" in that green electricity is not always available in the region in which you may live. In effect, Green Tags separate the benefits of renewable generation from the electricity itself.

The vital question is not the reputation of the companies either generating the electricity or selling Green Tags, but the soundness of the verification system itself. There are organizations, such as the Center for Resource Solutions, that offer "Green-e" certifications for companies that supply renewable energy. They conduct a formal audit of the generator's records to verify that the quantity of the renewable generated or purchased, as a minimum, equals what was actually sold under the Green Tag program.

In a perfect world, everything would be done according to the intent of the program and all companies would be on an equal footing. Since renewable energy commands a premium price, there may, however, always be the chance that some company may get "creative."

Years of financial scandals have demonstrated that when it comes to finding loopholes and "cooking the books" to make a short term buck, nothing quite beats highly motivated individuals, even when faced with external certifications, stacks of professional guidelines, SEC regulations, and criminal penalties. Enron (in the energy business) is Case Study #1 in this regard.

So, how does one find a reputable green tag company? My suggestion is to do some due diligence: (1) check to make sure that there is a verification system in place; and (2) through an internet search, look for any major issues brewing with the companies involved with the Green Tags of interest. Beyond that, there really is not much else you can do, aside from making the commitment to buying the Tags in the first place. Which brings up the essential point: if every single customer were buying Green Tags, the generators and the government would, I believe, take notice and implement even stricter assurance systems and greater transparency.

Steve adds: You may also want to review the inquiry, and response, on Renewable Energy Certificates (RECs) provided in the March 2004 column.

Back to Top

* * * * *

Are there any methods for calculating the environmental footprint for the construction and operation of a commercial office building?

Jeff: There are several resources available, many of them for free, to help architects, designers, developers and property managers determine the environmental impact of their building. A good place to start is to understand the concept and process of life cycle analysis (LCA). LCA is an approach intended to evaluate the full environmental impacts of products and processes in all stages of their life -- from raw material acquisition through production, use and ultimate disposal (or preferably recycling or re-use).

The ISO 14040 series is a good reference for how to conduct life cycle analysis. It is not, however, specific to any particular industry. For a tool specific to the building industry, take a look at the Building for Environmental and Economic Sustainability (BEES) model. BEES was developed by the U.S. National Institute of Standards and Technology with support from the U.S. EPA. According to the BEES website, the software methodology is based on the ISO 14040 series and is intended for use by designers, builders, and product manufacturers. It includes actual environmental and economic performance data for nearly 200 building products.

The difficulty with assessing environmental footprint over the lifecycle always lies with establishing boundaries -- in other words, what impacts to include in the analysis and what to leave out. For example, do you include commuting impacts, based on how far the tenants of the building commute and whether they take public transportation? What assumptions do you make about end of useful life? Will your carpet be landfilled, recycled or re-used?

All of these factors make it difficult to compare one building to another on a full, quantitative basis. The real value in utilizing a life-cycle approach to assessing impacts is in identifying where your greatest impacts are in order to prioritize, and in evaluating competing products or approaches.

A qualitative measure of a building's environmental footprint (though not "calculation" tool) is LEED certification. The LEED (Leadership in Energy and Environmental Design) Green Building Rating System™ provides a complete framework for assessing the environmental performance of buildings. Its various levels -- Certified, Silver, Gold and Platinum -- can be considered as relative indicators of environmental impact. For more information go to www.usgbc.org/leed.

Other resources to assist in designing green buildings include U.S. Green Building Council, American Institute of Architects, and Greenerbuildings.com.

Back to Top

* * * * *

Has the U.N. Global Compact been successful in implementing positive change?

Steve: It seems like only yesterday, but we first commented on the U.N. Global Compact back in our November 2000 column. In summary, the Compact presents a list of nine principles covering human rights, labor and the environment. Companies and organizations were invited to become signatories to the compact, thus agreeing to support the principles through both public policies and supporting practices. Presumably, participants should develop policies, objectives, measures of performance, an implementation schedule and processes that report on progress, assess performance and establish improvements (e.g. the ubiquitous Plan/Do/Check/Act management system). To date, there are 1706 participants.

Nearly four years into the effort, results are meager as demonstrated by a quick check on the

Compact's database on participants' case studies, examples and Communication on Progress -- there is virtually nothing posted. The lack of progress seems to go deeper than merely a failure to report, according to an article on the topic, "Global Impact, Little Impact", in the July 12th issue of *Business Week* magazine. According to the article, the Compact is rapidly losing credibility due in part to a) the apparent focus on expanding membership rather than finding ways to ensure that commitments are honored and b) the lack of clear reporting or compliance standards. Not all has been lost, though. The article indicates that the Compact has become a forum for stakeholders "to discuss how to set up systems to monitor labor practices and avoid contributing to human-rights abuses."

Thus, like any other program, system or codes of practice, unless the Compact's participants are serious about their commitments, fully embrace the change that such commitments are intended to create, and give it sufficient priority and resources, little will happen in the way of substantive achievements. If that happens, it all becomes more of an adjunct public relations effort.

There is a potential parallel in the U.S. chemical industry's Responsible Care program. For years it has had modest credibility inside the industry and little or no credibility outside the industry because there was no way to monitor or ensure results. While the new Responsible Care Management System has a defined set of management system elements and practices that get audited through independent, third-party certifications, time will tell if the commitments are substantive or if the effort will devolve into another public relations effort that produces meager, if any, real results.

Back to Top

* * * * *

Industry has made much progress improving the environment, yet environmentalists refuse to acknowledge this success. What's going on here?

Richard: I suppose the crass answer is that environmental activist organizations are in the business to point out industry's failures • both real and alleged • and push their own agenda. It is big business in and of its own right, employing thousands and raising millions in donations. They are behaving as expected and building their support base.

I think the real answer is, however, related to how these two groups -- industry and environmentalists -- perceive the world. The operative question might be, "Just how much (environmental progress) is enough?" or "Is the proverbial glass half full or half empty?" The answer is obvious: it depends if you are the waiter (company) pouring (out resources) or the customer (stakeholders) waiting for the drink (benefits to society). It also depends on just how big the glass is.

There are currently major differences in perceptions of where things stand vis-à-vis the environment. Viewed from the perspective of companies that are proud of their efforts, the glass is overflowing. But the dilemma soon becomes apparent if the size of their glass is no bigger than regulatory compliance. Confusion is added to the mix if companies are using terms such as "environmental excellence" to tout their efforts when an objective, independent evaluation may reveal that they are barely doing more than baseline compliance.

From the perspective of activists, the glass is much bigger. They define it not just by regulations but by progress toward preventing long-term environmental issues facing the world. To some activists the glass is not even partially filled and it is leaking faster than it is being replenished (unsustainable). It is a very big glass, indeed.

Who is right? In the long run, what matters is what stakeholders perceive the situation to be. Ultimately, the "customer" who pays the bill has the last word. The waiter's opinion is of secondary importance. The key point is: companies need to evaluate where they stand according to stakeholder expectations. Their own opinions of their performance, even benchmarked within their sector, and the opinion of regulatory agencies are narrow dimensions in this evaluation. The "wild cards" in this game are the well-respected, non-governmental organizations (NGOs) that have a higher trust level with the public than the corporations and even the regulators.

Back to Top

* * * * *

What is 'RoHS' and what is it intended to accomplish?

Steve: 'RoHS' stands for Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment. It is driven primarily by a European directive that mandates the elimination or reduction of certain heavy metals and other materials, such as polybrominated biphenyl flame retardants, in electrical or electronic parts and equipment. The ultimate objective is to facilitate recycling, reduce hazard exposure to workers and users, and reduce emissions of such substances into the environment. This may be the biggest worldwide health and environmental compliance issue being undertaken in the world today, although few have

heard of it because it's so specific to the electronics industry and is still relatively 'upstream' to the public's general experience.

Sam Waldo, Director of EH&S and Support Services at Amphenol tells me, "Implementation of this directive has the potential to affect the entire supply chain, from raw materials to finished goods. While the requirements take effect on July 1, 2006, most manufacturers have instituted compliance dates far in advance of that date to ensure that their inventory is free of non-compliant product well before the deadline. In many instances, it will require changes in manufacturing processes that have been industry standard for decades. Of course, product integrity and reliability must be maintained and documented."

In a way, it's possibly the first major, international implementation of a Design for the Environment (DfE) initiative. Additional information on RoHS can be found at www.pb-free.info; a good article on the impact of RoHS on products sold in the U.S. can be found at www.informinc.org/fact_RoHS.pdf.

Like the U.N. Global Compact mentioned above, though, the sailing isn't necessarily smooth. As noted in Raymond Communications' June 28th Recycling Policy News Briefs Bulletin, the European Commission has not yet reached a consensus on a key definition and has not established the requirements as an Article 95 Directive. Thus, the requirements are not harmonized across the EU; its 25 member states, as well as China and Japan, are left to their own interpretations. In addition, complicated issues such as testing standards, labeling, enforcement, etc. have not yet been worked out, either.

Since these products must be reformulated, redesigned, approved, produced and shipped in time to meet the July 2006 effective date, producers and customers are being put in a very difficult position.

Back to Top

* * * * *

What companies are currently taking a leadership position in sustainability and which ones are 'up and coming'?

Jeff: This is a question I am often asked by clients and others, yet I never give them the answer they are expecting - a list of companies which are "sustainable". There are a couple of reasons for this. The first is that, particularly in a public forum, I am sure to offend at least half the audience by either including or excluding particular companies. The second is that there is no good, simple answer to the question. "Sustainability" is too broad a term to apply so simply and indicators of "good performance" remain too numerous and too subjective. Also, I'm not aware of any company which couldn't improve in at least one significant area.

Instead, consider what it is you want to know about a company and why. If you are looking for companies with strong transparency and reporting practices to help your organization with its reporting, for example, search the CERES-ACCA sustainability reporting awards and the U.N.EP/SustainAbility bi-annual reporting benchmark study. If it is environmental leadership you are interested in, the World Environment Center each year awards its highly sought after "Gold Medal" to the company which demonstrates "pre-eminent industry leadership, worldwide environmental quality and global sustainable development".

Other indicators of strong performance include a company's presence on the Dow Jones Sustainability Indices or its counterpart in London, the FTSE4Good Index Series. Looking at companies which are included in socially responsible investment funds is another way to identify leading companies. Be sure, though, to understand what the selection criteria as they vary from exclusion of companies involved in animal testing or mineral extraction to "sector leaders", which might actually include industries which some folks consider unsustainable.

To me, the most important criterion for determining sustainability leadership is how far the company has integrated the principles into its core business and products. Aveda and The Body Shop are two companies whose core products (cosmetics) reflect such principles. Toyota is making progress towards more sustainable transport by the smashing success of its Prius. HP, in its focus on building capacity at the "bottom of the pyramid" in order to grow future markets for its products while at the same time improving the quality of life in emerging economies. UPS has recently announced plans to help companies with the logistics associated with returning and recycling electronic waste. BP continues to push its industry beyond its comfort level with both frank discussion about the magnitude of the greenhouse gas challenge and businesses focused on alternative energy.

So, while "sustainability leadership" is an elusive term, there are plenty of great examples out there of companies which are making progress and demonstrating leadership from which others can learn.

Disclosure: Toyota, HP and BP are all clients of SustainAbility.

Back to Top

* * * * *

Postscripts: It's Not Over Until It's Over. Some companies spend significant resources developing, promoting and protecting a positive public image. Many among them issue annual environmental and/or sustainability reports, at no small effort or cost, to document and communicate their achievements. In the past, this column has taken others to task for unfairly criticizing or falsely representing good, honest efforts -- like the recent response on Hewlett-Packard's inkjet cartridge recycling program or the long-ago response to the single-use camera industry's cooperative collection reuse effort.

All of a company's good, honest efforts, however, can be undermined by even one negative incident -- particularly if it has the potential to be managed or eliminated before it gets out of control. At best, the company gives the appearance of shooting itself in the foot.

Such is the case with Dupont's PFOA (C-8) discharges and bulk vitamins sales. EPA has recently cited the company for violating both RCRA and TSCA requirements. The U.S. Department of Justice cited DuCoa (a joint venture of DuPont and ConAgra) for price-fixing bulk vitamin sales.

The June 2nd issue of *Chemical Week* magazine reported that a set of three internal company memos reveal that a DuPont attorney recommended that the PFOA discharges should be addressed by taking the 'high road' and reducing or eliminating them instead of increasing them. DuPont has stated that "We believe we have complied with the law and are not in any violation." Certainly, EPA's recent citations will determine if that stated belief is correct. In the matter of the bulk vitamins sales, DuCoa has already paid $500,000 to settle federal Department of Justice price-fixing charges; state class-action charges are still pending.

It appears as if companies that are sincere about their public image should take a lesson from the former TV commercial for a brand of deli meats and 'hold themselves to a higher standard'. Otherwise, they'll find that 'it's over.'

Back to Top

* * * * *

Got A Question?

Send your question about environmental management issues to Experts@GreenBiz.com
We can't guarantee that we'll answer every question, but we'll try.

Steve Rice is the founder and president of Environmental Opportunities, Inc., a strategic environmental management advisory firm and has worked for both Exxon and BASF in a variety of environmental management positions. Richard MacLean is president of Competitive Environment Inc., a management consulting firm in Scottsdale, Arizona. He also serves as the director of the Center for Environmental Innovation, Inc. and has held executive level health, safety and environmental positions in several Fortune 500 companies. Jeff Erikson (202-659-2898) is director of the U.S. office of SustainAbility, a global consultancy which advises businesses on corporate social responsibility and sustainable development. He previously had responsibility for a broad range of engineering and EH&S issues, projects and programs at Mobil Oil and ExxonMobil.

More Columns...

Printer-friendly version

E-mail this page

Feedback

- **Comment on this Column**

News Center | **Business Toolbox** | **GreenBiz JobLink** | **Reference Desk**
About Us | Support Us | Sponsors | Contact Us | Site Credits
Advisory Board | News Affiliates | Site Map | Privacy Policy | Disclaimer