

Policy Framework for Environmental Sustainability

Pollution Probe Project

Summary Results

April 27th, 2004

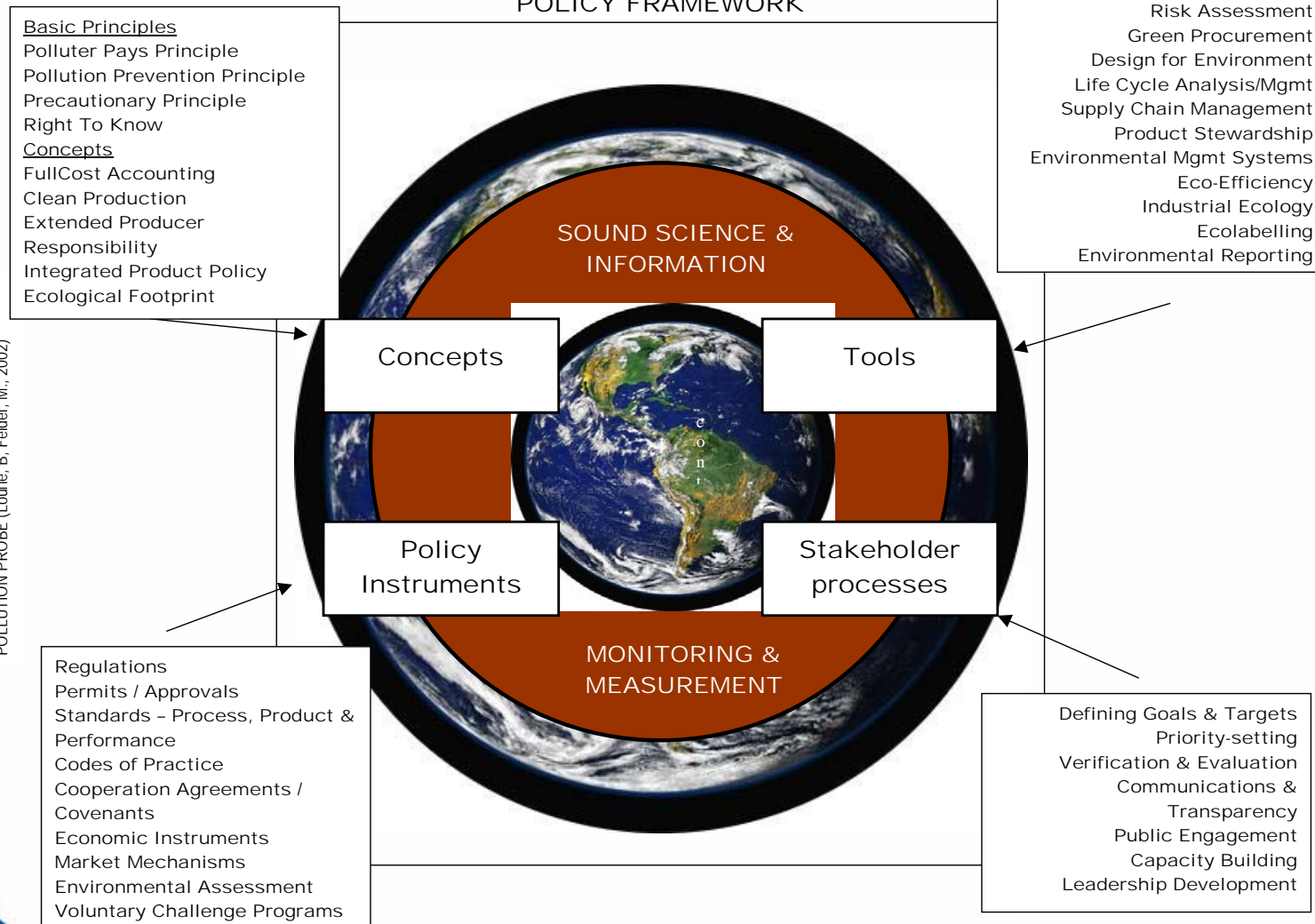
Kevin Brady

Five Winds International



Five Winds INTERNATIONAL

ENVIRONMENTAL SUSTAINABILITY POLICY FRAMEWORK



Outline

- Project Summary to Date
 - Project focus
 - Concept and Tool Descriptions
 - Expert Review of Toolbox and Initial Framework
 - Company Case Studies
 - Policy Considerations
 - Interviews with Senior Decision-makers
 - SME
- Knowledge Management
- Framework Explorations (later in agenda)



Pollution Probe - Project Advisory Committee

Multi Stakeholder Advisory Committee Framework for Environmental Sustainability Project	
Daniel Cayen	Ontario Ministry of the Environment
Cynthia Wright	Environment Canada
Bob Seguin	Ontario Ministry of Economic Opportunity and Innovation
George Mandrapilias	Ontario Ministry of Economic Opportunity and Innovation
Jim Frehs	Natural Resources Canada
Andrea Moffat	Environment Canada
Michael Wilson	Environment Canada
Claude-Andre Lachance	Dow Chemical
Gord Lambert	Suncor
Dianne Humphries	Suncor
Anne McConnell	Procter & Gamble
Ron Nielsen	Alcan
Rahumathulla Marikkar	Interface
David Wheeler	Schulich School of Business, York University
David Bell	York University
Stephan Barg	International Institute for Sustainable Development
Kevin McKague	Schulich School of Business, York University
Project Working Group	
Ken Ogilvie	Pollution Probe
Kevin Brady	Five Winds International (Erik Veldman – now with Pollution Probe)
Ralf Nielsen	
Jenn Clipsham	
Melissa Felder	Summerhill Group



Focus to Date

Framework elements:

- a sound science base and monitoring and measurement capacity;
- a set of concepts and tools that would support industry adoption of environmental sustainability practices
- an associated set of policy instruments
- a set of stakeholder processes that would help define goals and priorities and build capacity



Concept and Tool Descriptions

17 descriptions developed since Fall 2002

Tools and Concepts for Environmental Sustainability

- Integrated Product Policy (IPP)
- Life Cycle Assessment (LCA)
- Life Cycle Management (LCM)
- Pollution Prevention (PP)
- Green Building Design
- Corporate Environmental Reporting
- Environmental Risk Assessment
- Supply Chain Management
- Extended Producer Responsibility (EPR)

- Green Procurement
- Industry Ecology (IE)
- Design for Environment (DfE)
- Eco-efficiency (EE)
- Stakeholder Engagement
- Environmental Impact Assessment (EIA)
- Environmental or Eco-labelling
- Environmental Management Systems (EMS)



Concept and Tool Descriptions

- Focused on concepts and tools that help industry improve environmental component of sustainability
- Descriptions were developed for each concept or tool that provide:
 1. a definition of the concept or tool
 2. a description of how it is used and applied
 3. a description of who uses it
 4. key elements of the business case for using the concept or tool
 5. an illustrative example
 6. brief overview of trends and its future importance
 7. a range of references, related tools, linkages, etc.



Review of Concepts and Tools by Experts

A review of initial list of concepts and tools was conducted with key experts

Expert Interviews on Concepts and Tools	
<i>Academia</i>	
Professor Ray Cote	Dalhousie University
Professor Peter Victor	York University
<i>Industry</i>	
Ian Shaw	Dofasco
Leonard Surges	Noranda and Falconbridge
<i>Non-Government Organizations</i>	
Marlo Raynolds	Pembina Institute for Appropriate Development
Professor Arthur Hanson and Stephan Barg	International Institute for Sustainable Development
<i>Government</i>	
Tom van Camp	Strategic Policy Branch, Industry Canada
Louise Comeau	Federation of Canadian Municipalities



General Observations

- SD mindset has led to an explosion of concepts and tools
- Academics, NGO's, consultants, industrial researchers all working on solutions
- Result is great overlap and duplication
- This creates confusion in the marketplace of ideas – but this is understandable - living in a beta/VHS/DVD world – the winning approach is not always clear
- Labelling concepts and tools may be an impediment



Typology/ Focus of tools

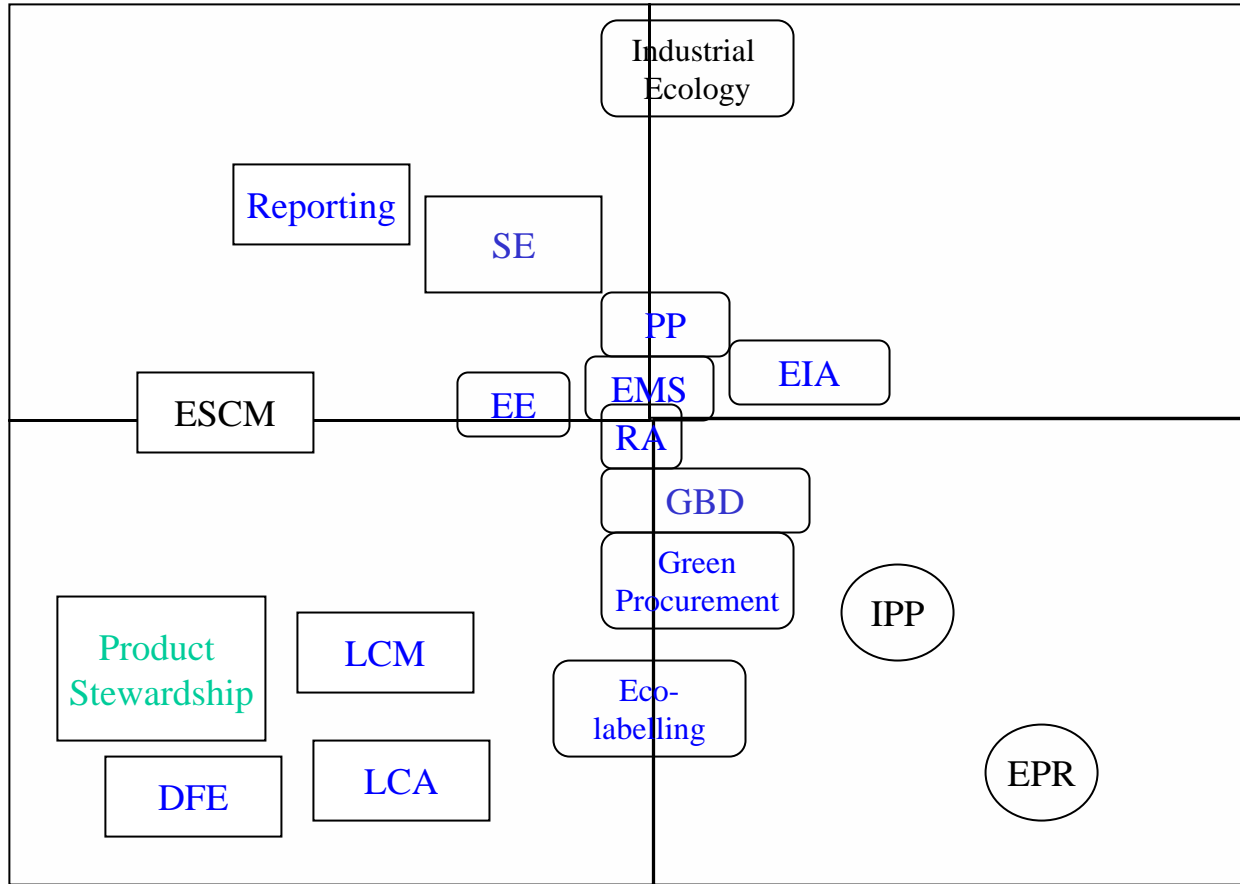
- **Organizational / Management**
 - Environmental Management Systems (EMS)
 - Environmental Supply Chain Management
 - Life Cycle Management (LCM)
- **Product**
 - Eco-efficiency
 - Design for Environment
 - Life Cycle Assessment
 - Extended Producer Responsibility (product stewardship)
 - Green Building Design
 - Green Procurement
 - Integrated Product Policy (IPP)
- **Operational / Risk Management**
 - Pollution Prevention
 - Industrial Ecology
 - Environmental Impact Assessment
 - Environmental Risk Assessment
- **Communication & Marketing**
 - Corporate Environmental Reporting
 - Stakeholder Engagement
 - Environmental / Eco-labelling
- Some tools cross over e.g. eco-efficiency



Concept/tool Positioning

Organization/operational

Product



Outliers

Precautionary principle

Ecological footprint

— not well developed in NA

— well understood

— not included initial list



Key Findings

- Adoption of tools being driven by:
 - Market factors – e.g. EMS in automotive, Labelling
 - Stakeholder expectations – reporting, Stakeholder engagement
 - Regulatory influences – pollution prevention, ERA, EIA
 - Internal Business factors (efficiency, cost reduction) – DfE, LCA, Green Building Design
 - Combination of the above (e.g. procurement, eco-efficiency)
- Tool-box different for different parts of value chain
- Culture, drivers, strategy, awareness all factors in rate of tool adoption and depth of integration
- Tools apply at different levels (corporate, operational, product) and selection is specific to the organization



Company Case Studies

12 case studies each developed in collaboration with a leading company that has successfully applied and integrated one of the tools into its business activities

Industrial Case Studies to Illustrate Practical Application of Tools and Concepts for Environmental Sustainability	
Concept/tool	Company
Design for Environment	Bombardier Transportation
Life Cycle Assessment	Canfor
Corporate Sustainability Reporting	Suncor
Eco-efficiency	BASF
EMS	Alcan (not complete)
Green Building Design	Mountain Equipment Co-op
Eco-labelling	Sico Paints
Pollution Prevention	Dow
Green Procurement	Interface Flooring
Stakeholder Engagement	Noranda/Falconbridge
Supply Chain Management	SC Johnson
Environmental Risk Assessment	Procter & Gamble



Key Findings

- Companies driven to adopt the tools by a number of factors, which included, wanting to do the right thing, customer requirements, internal business objectives and regulatory pressure
- Level of integration varies – business unit project (e.g. DfE in Bombardier) to key strategic initiative (e.g. sustainability reporting Suncor)
- Policy linkages weak at this point
- Clear business case



Business Case

- Corporate reputation and enhanced brand image 12/12
- Earn and maintain social licence to operate – key in resource companies – Nor/Falc Suncor
- Reduce and manage business risks (e.g. DfE Bombardier, ERA at P&G)
- Employee morale and productivity / Elevate employee awareness of environment and SD issues – Interface, MEC, Suncor
- Access to markets & customers/ customer loyalty – BASF, Canfor
- Cost savings/ improve the bottom line 9/12
- Improved relations with stakeholders / dispute resolution / issues management Nor/Falc, Suncor
- Stimulate innovation and generate ideas – Sico, SCJ
- Expedited permitting / Improved relations with regulators
- Establish or improve reputation with investors, bond agencies and banks
- Ensures continual improvement – Canfor, Alcan, Suncor, Bombardier



Key Success factors

- Senior management commitment
- Clear business benefits
- Integrated with daily business functions or routines (not an add-on)
- Empowering employees and getting as many involved as possible
- Having an internal champion



Policy Considerations - “Mosaic”

- A re-conceptualization of the role of industry in society,
- A growing consensus among a broad group of stakeholders that environmental sustainability, or variations on it, is a desired policy target,
- A clear understanding that the existing policy framework is inadequate
- A desire to design a system in which the laggards (e.g. companies who are not improving performance) are pushed to catch up with the leaders.



Many initiatives

- NRTEE – EFR, SD Indicators
- Innovative policy efforts – EPA, Smart regulation
- Sustainable Canada
- Engaging Capital markets – NRTEE, EC, NRCan, Conference Board
- Sustainability through the market – WBCSD
- Innovation strategy
- Federal SDS strategies



Some Key Enablers

- A level playing field from a regulatory and taxation perspective
- A fiscal policy that drives full pricing of externalities and moves away from taxing “goods” (e.g. labour) to taxing “bads” (e.g. pollution)
- Case studies that demonstrate business benefits of adopting the sustainability and tools and concepts, and guidelines, standards or codes of practice that tailor the tools to specific industry sectors
- Leveraging capital markets
- Consistent, uniform reporting requirements for industry that avoids duplication, repetition and builds off data/tools already being collected/used



Policy Approaches

- Many soft policy approaches (e.g., voluntary initiatives, public-private partnerships, etc.) and hard policy approaches (e.g., legislative and regulatory initiatives) that are being used
- Focus has been on operations and risk management – moving to products (e.g DfE, EPR)
- EMS, EIA, PP, ERA more mature
- DfE, EPR, LCA, EE, and others less developed



Interviews with Senior Decision-Makers

Senior decision-makers in industry and government were interviewed to gain insights:

- on how they see the relationship between environmental sustainability and core business issues such as maintaining competitive advantage, attracting and retaining employees, improving efficiency of operations, innovation...
- on how environmental sustainability may relate to the overall value proposition of an organization and how this connects to key decision-making processes such as strategic, planning and investment strategies
- understand their perspective on the roles of government and industry in advancing the adoption of the concepts and tools that support the integration of environmental sustainability into business decision-making



Interviews with Senior Decision-Makers

Interviews with Senior Decision Makers	
<i>Government</i>	
George Anderson (DM)	Natural Resources Canada
Barry Stemshorn (DM)	Environment Canada
Carol Swan (ADM)	Industry Canada
Israel Lyon (Manager)	Ontario Ministry of Economic Development and Trade
Virginia West (DM)	Ontario Ministry of the Environment
<i>Industry</i>	
George Carpentier (VP SD)	Procter & Gamble
Ray Anderson (CEO)	Interface
Business Unit Manager	Alcan
Scott Noeson (VP SD)	Dow
Gordon Lambert (VP SD)	Suncor



Senior decision-maker perspectives

- Pursue engagement with industry early – in design of policy/programs
- Make better use of cooperative agreements
- Tax shifting – industry leaders may be ready
- Vision – is critical
- New technology – key for solutions
- Role of governments - vision – declare what is important, coordination/cooperate, streamlining, flexibility, tool-box, business case and case studies – help show the way, engage the public
- Do not automatically assume win-win



Key Questions

- How can governments (at all levels) support the adoption by industry of the concepts and tools
- Are any of the policies/ programs/enablers preconditions to broad adoption of environmental sustainability by industry?
- What are the key supporting policies and programs?
- What are the current barriers to wider adoption of existing concepts and tools?
- How can the tools be used to support existing or emerging societal objectives?
- Can any of the policy approaches described be applied elsewhere to promote different concepts and tools?



Key Questions

- How can we measure the success of these policy approaches (e.g. environmental and economic benefits)? How can we measure the cost and effectiveness of each tool to allow comparisons for industry decision makers?
- How can government (overall) better set environmental objectives?
- The project to date has focused primarily on concepts and tools that are being adopted by, or directed at, medium to large sized companies. Are there any modifications that could be made to make them more useful for SME's?"



SMEs

- Activity dependant on values of owner operator or clear customer demand
- Tool-box is different – need simple step by step streamlined tools
- At this level direct intervention and persuasion are more effective



Knowledge Management

On FW Extranet:

- Initial framework
 - Review of leading framework initiatives
 - 12 industrial case studies
 - 17 concept and tool descriptions
 - Policy considerations paper
 - Framework explorations
 - Findings from interviews with senior decision-makers and experts
 - Project summary report for workshop
 - SME section
- Log On: **pprobe**
 - Password: **policy**



Next Steps

- Material being transferred to PP Voluntary Initiatives website
- Communication of existing material
 - Industry
 - Academia
 - Policy
- My Fair Lady project – implementation with companies
- Deepen linkages to other efforts – summit that brings together player, discuss synergies ..
- Develop policy linkages further



Thank you!

