U.S. Environmental Protection Agency
National Advisory Council for Environmental Policy and Technology (NACEPT)
Subcommittee on Promoting Environmental Stewardship (SPES)

August 18-19, 2009

One Potomac Yard
Conference Center South (1st Floor)
Room S-1204-06
2777 S. Crystal Dr., Arlington, VA 22202

From August 18th to August 19th, 2009, the subcommittee on Promoting Environmental Stewardship (SPES) met at the Environmental Protection Agency in Arlington, Virginia. The meeting was the second in a series of four currently planned meetings of this subcommittee to EPA's National Advisory Council for Environmental Policy and Technology (NACEPT). (For more information on NACEPT, please see www.epa.gov/ocem/nacept/. The agenda, participant list, and meeting flipcharts can be found as attachments A, B, and C.)

I. Welcome, Introduction, and Agenda Review

Regina Langton, SPES Designated Federal Officer (DFO), welcomed the members to the subcommittee meeting. Jennifer Peyser, Facilitator from RESOLVE, opened the meeting by introducing the agenda and desired meeting outcomes:

- Learn key lessons from selected past and current partnership programs at EPA.
- Gain a better understanding of stakeholder motivation for participating in stewardship activities.
- Learn about models used by organizations to integrate stewardship into their core programs.
- Begin shaping potential recommendations of the Subcommittee.

Ms. Peyser also suggested that another meeting outcome could be an initial list of potential recommendation topics for further exploration. She reminded the SPES of Administrator Jackson's interest in frequent communications, and encouraged members to note and discuss any potential recommendations that could be part of a near-term message.

Chuck Kent, Office of Policy, Economics, and Innovation (OPEI), EPA introduced Lisa Heinzerling, EPA Associate Administrator, Office of Policy, Economics and Innovation. Mr. Kent emphasized that Ms. Heinzerling's experience and knowledge will assist EPA in becoming more and more effective at engaging with climate change.

Lisa Heinzerling thanked all participants for attending and taking part in the subcommittee process, and suggested that the recent start to her tenure at OPEI enables her to engage with many different ideas. Ms. Heinzerling explained that OPEI is now encountering an important moment in its history due to the energy of the new presidential administration. She emphasized the renewed sense at EPA for the importance of core regulatory programs and encouraged the SPES to consider that frame in its work. Ms. Heinzerling highlighted that OPEI has the unique

opportunity to provide a long-term perspective to regulatory staff; because OPEI has a cross-office and cross-media perspective unique within the agency, it is a good context in which to situate the work of SPES.

While encouraging independence and creativity on the party of the SPES, Ms. Heinzerling offered a number of convictions held by the Obama Administration and EPA that could be helpful to the subcommittee's work. The first conviction is the commitment to action on climate change and energy. The fundamental nature of these two issues and their connections to other environmental problems draw EPA into many problems at once. Ms. Heinzerling explained that one approach to engaging with this complex problem-set is for SPES to turn its attention to issues that cut across previously distinct areas and longer timeframes. The generational reach of climate issues suggests that stewardship activities should consider a long-term orientation.

Ms. Heinzerling also underscored the link between environmental and economic goals, and that they can be mutually reinforcing rather than exclusive. Action taken to positively affect the environment can also positively affect economic health; tethering environment and economy can generate integrated solutions for both areas. While the link between environment and economy will never be uniform across individuals, companies or sectors, the general principle is a sound basis for moving policy and regulation forward. Ms. Heinzerling reflected that firms and individuals often act in ways that contradict their own economic interests (e.g., buying inefficient cars), suggesting that SPES examine this phenomenon and explore how to make an effective case that environmental and economic interests can align rather than diverge.

The third conviction that Ms. Heinzerling articulated was a deep belief in working across traditional divides to generate eclectic solutions. The corollary, she said, is the ways in which agencies have worked at cross-purposes. She emphasized the effort needed to break down barriers contrary to the goals of achieving sound environmental solutions.

Ms. Heinzerling then posed some concrete considerations for the group. On long-term perspectives, she recommended that the group think about how far out in time environmental stewards should plan, what stewardship really means, and what constitutes a "good" steward. She referenced EPA's limited regulatory authority in some key areas such as climate, highlighting an opportunity for stewardship activities.

Ms. Heinzerling also challenged the group to think about what "beyond compliance" signifies. She sketched some of the nuances of legal regulatory definitions; that compliance and stewardship are not always delineated by unambiguous lines. For example, gaps in regulatory coverage offer opportunities within existing frameworks for good stewardship. Legal norms for evaluating compliance do not always match regulations exactly, either; tort law often calls for do-no-harm even in the absence of clear regulatory statues. Ms. Heinzerling explained that these complexities should inform and shape any discussion of doing "more" than the law requires. She also urged SPES to have a realistic and productive view of what stewardship means, and encouraged the group to look forward in formulating its suggestions and pursuing its charge. Finally, Ms. Heinzerling thanked the group for its service and encouraged members to step outside of preconceived and familiar frameworks on environmental stewardship.

II. Subcommittee Goals, Charge and Operating Procedures

Following Lisa Heinzerling's opening remarks, Jen Peyser asked SPES members to review and adopt a final version of the proposed charge, operating procedures and meeting summary from the first meeting (June 30 – July 1, 2009).

Charge

Ms. Peyser reviewed the minor changes made to the charge between meetings one and two, based on a member's suggestions. After reviewing these changes, Ms. Peyser asked the subcommittee for questions or objectives. Receiving none, the SPES formally adopted the charge.

Operating Procedures

Ms. Peyser then asked the SPES for questions or issues with the proposed final operating procedures. Discussion arose on the public nature of SPES members' communications. A SPES member raised a question about subcommittee communications – specifically, email communications between two SPES members – and whether these transmittals were subject to public record requests.

Sonia Altieri, Designated Federal Officer (DFO) for the NACEPT, offered to work with SPES DFO Regina Langton and EPA legal staff to provide clarification on this point.

Summary of First SPES Meeting

Ms. Peyser explained that the draft summary had been reviewed by EPA staff, the co-chairs and then the full SPES membership. SPES members raised no objections and adopted the draft meeting one summary as final.

III. Overview of EPA Partnership Programs

Stephan Sylvan, National Center for Environmental Innovation (NCEI), OPEI, EPA, provided the group with an overview of partnership programs at EPA. The objective of the presentation was to assist the group in learning about EPA's partnership programs, resources, and approaches employed to influence and promote stewardship behavior. (Mr. Sylvan's presentation can be found in attachment D.)

Mr. Sylvan explained that EPA program offices run their respective partnership programs, and OPEI provides a central coordinating function: maintaining the list of programs, developing program design guidelines, measuring performance, promoting information sharing, and evaluating program marketing. NCEI also provides expert advice, working to match programs with experts on key issues, identifying best practices for external initiatives, and collecting sample documents such as memoranda of understanding that can be used as models for other programs.

Mr. Sylvan explored the definition of EPA partnership programs, of which there are currently forty-six. These EPA-led programs proactively target and motivate external parties to take specific environmental action steps. Areas outside this definition include compliance assistance, negotiated legal settlements, initiatives that are primarily grant focused, and initiatives aimed at raising awareness without direct environmental changes or impacts. Award programs are also excluded, as are certain small individual projects with an NGO, a company, or another government.

EPA Partnership Programs must enhance or complement regulatory programs and address problems that are difficult to regulate. The programs are highly diverse in their focus and design, and the program mix is always evolving, with programs being outsourced, sunset and created. The largest five programs represent sixty percent of EPA investment, with a major portion focused on air programs. From the 1980s until 2003, programs were run out of individual offices. Since 2004, EPA has begun some cross-agency management of the programs. The current trend is to push for bundling of EPA partnership programs at the regional level (in sports venues, for example). EPA challenges large venues to adopt a range of programs all at once.

In response to a question on the differences between programs, projects and campaigns, Mr. Sylvan cited EPA's general approach. For example, if an EPA program partners with a few schools on an individual basis, that is a project. If EPA decides to support a year-to-year budget for increasing the interaction with schools, EPA would consider it a program. Within a program, there may be a campaign focusing just on high schools in metro regions, with beginning and end with assigned budget and staff.

SPES members discussed EPA's toolbox on stewardship, including voluntary and regulatory approaches, and questions of how EPA chooses among these tools and evaluates the efficacy of different tools to deal with a specific environmental challenge. One member asked how EPA determines the types of environmental problems for which voluntary programs are the most appropriate tool. Another asked Mr. Sylvan about the organizational theories behind EPA's partnership programs, and the link between partnership program themes such as stewardship with EPA's broader organizational goals. He expressed interest in exploring how the diverse set of partnership programs contribute to EPA's strategic goals.

Mr. Sylvan explained that programs are typically investigated within their unique organizational context rather than with an agency-wide lens; NCEI reviews the body of partnership programs in terms of the policy mix needed to address a particular environmental challenge. However, for EPA's initial evaluation of when to initiate a voluntary program, EPA has a notification process in place; when a new program is being developed, there is a cross agency review requesting feedback on whether a program is the appropriate policy tool.

Considering EPA's efforts to understand the cross-agency consequences and efficacy of its programs, Mr. Sylvan said he was unaware about an existing study that investigates the systemic impact of all partnership EPA programs. Mr. Sylvan mentioned that NCEI has considered conducting a gap analysis to identify aspects of stewardship that are not being currently being addressed and to which EPA could make an important contribution. Chuck Kent also replied, describing the work of the Innovation Action Council (IAC), which contributes to the question of unified dialogue and design at EPA. IAC is investigating ways in which partnership programs can have the greatest impact, including a discussion of environmental management systems and environmental results programs.

A member suggested that the subcommittee explore recommendations on adaptive management; namely, how EPA can move between voluntary and regulatory tools as it assesses the ability of different approaches to effectively deal with a particular environmental issue. Another highlighted EPA's regulatory function as its most powerful stewardship tool, urging that that equating stewardship only with voluntary programs misses the larger opportunity to define

stewardship broadly. This member underscored the NACEPT definition of stewardship that emphasized taking responsibility for choices and the consequences of actions.

On the question of evaluating program efficacy, a member suggested two factors: the extent to which the program can recruit members, and the ability to get members to adopt measures they had not previously considered. The member spoke of the tradeoff between the level of requirements and participation: if the program has many requirements, membership often declines. Mr. Sylvan responded by emphasizing that the tradeoff as described is a very important issue for all EPA programs; the rigor of the standard relative to the participation; he explained that improving the value proposition for partners can increase participation and adoption of the environmental action steps. A key question becomes how to create the biggest possible incentive to make organizations feel compelled not only to join but also to lead in implementing the changes.

Members also asked Mr. Sylvan about EPA's role partnering with external organizers of programs (e.g., Clean Air Minnesota). One asked how programs are spun off from EPA to the outside; specifically whether the mission and/or participation level change, how EPA tracks the program, and whether the EPAs brand remains associated. Mr. Sylvan explained that if EPA is not the final decision-making authority, the initiative cannot be branded as an EPA Partnership Program. There are guidelines for external partners in using the EPA brand; EPA usually remains a senior advisor but there is not language about being started by EPA on materials. However, there are examples of EPA serving as advisors and playing a role in external programs. For example, EPA is increasingly being asked to comment on voluntary standards and products. Many groups and organizations seek EPA comments on program formation. In terms of tracking, Mr. Sylvan said EPA tracks the names of programs that have been sunset or outsourced and tries to maintain some organizational knowledge of their development, but EPA does not have the resources for in-depth studies of these programs. A SPES member suggested that EPA could develop a set of recommendations for the creation of external programs.

At the conclusion of this session, Lisa Heinzerling expressed appreciation for the time, expertise and service of the SPES committee members. She encouraged the group to identify a few simple ideas and principles in their recommendations.

IV. Highlights of Stewardship Program Literature

Eric Ruder, IEc, Inc., provided the group with an overview of key research on promoting environmental stewardship. (For Mr. Ruder's presentation, please see attachment E.) Mr. Ruder conveyed information from nine key sources – primarily literature reviews – published between 2004 and 2009. A fundamental point of his presentation was that voluntary programs exist to supplement to command-and-control structures (regulation) rather than as a way to supplant them. He outlined three "taxonomies" of voluntary programs present in the literature: unilateral, bilateral, and public voluntary programs (PVPs). The focus of this literature review was on PVPs.

Mr. Ruder covered background on stewardship program literature, theory and definition of PVPs, design features of such programs, and the motivations of agencies to develop them. He also discussed some challenges of studying PVPs, presented key findings on participation and effectiveness, and finished by addressing the implications existing literature on stewardship programs have for NACEPT and SPES.

Mr. Ruder explained that literature indicates that PVPs do not impose mandatory limits or specific forms of behavior. In the case of government–industry voluntary agreements, the government makes an agreement with a firm(s) for extra-regulatory change of behavior. PVPs invite firms to set and achieve environmental goals. General design features include goal setting, promoting awareness and publicizing responsibility.

Regarding motivations for creating and participating PVPs, the literature indicates that agencies seek common policy objectives, the opportunity to test innovative approaches and a mechanism for responding to problems flexibly and collaboratively. Participants seem to be motivated by a combination of regulatory threats and program incentives, in addition to their particular business strategy. Literature suggests that stringent membership standards and monitoring can lead to better results but reduce participation. He noted that small and medium enterprises (SMEs) often participate in PVPs.

In sharing these findings, Mr. Ruder noted that overall program effectiveness is composed of a set of aggregate effects, and that existing empirical research focuses on individual effectiveness and may underestimate the value of indirect spillover effects. PVPs can be inexpensive ways to test new approaches in a non-adversarial manner, and those that address product design and labeling may show better results than those that address process change.

Mr. Ruder also mentioned some of the challenges of conducting empirical research on voluntary programs, including limited quantitative research and constraints on data collection as well as attribution. The reviewed quantitative academic studies of PVPs suggest limited effectiveness, though it is also important to consider the results from internal evaluations of recent and current programs. He emphasized that there is a wide range of approaches to PVPs to evaluate, and cited Webb (2007), who encouraged implementation of a suite of programs to complement regulatory programs. This environmental protection system would encourage positive behavior as well as address negative behavior.

Following the presentation, SPES members posed a number of questions. One member asked for more information on single-sector versus multi-sector programs. Mr. Ruder responded that different sectors have different economic drivers and barriers; thus, a combination of single and multi-sector programs has value. Regarding Mr. Ruder's comments on the challenge of empirical research on voluntary programs, a member reiterated the difficulty of measuring the effects of stewardship based on the hard data such as emissions measurements.

Multiple SPES members highlighted the distinction between activities designed in reaction to a problem, and those which take a proactive approach in anticipating challenges. One member suggested that many voluntary programs are based on a reactive metaphor, and another member emphasized the importance of ingraining stewardship into organizational culture so programs, activities, and other decisions support broader organizational goals. This member also suggested that the term "voluntary programs" is insufficient because stewardship involves developing new market expectations and incentive programs. Another member echoed these comments and suggested there was resonance for companies on the issue.

V. RAND Evaluation: Lessons of Performance Track Program

Scott Hassell and Noreen Clancy, two members of a research team from the RAND Corporation, presented their preliminary findings of lessons learned from EPA's National Environmental Performance Track program. Katherine Dawes, National Center for Environmental Innovation, EPA, delivered prefatory remarks to help SPES frame the research project and its reporting. Ms. Dawes explained that the ongoing review of Performance Track has been underway since August 2008; the RAND team agreed to share its preliminary findings with the SPES to offer the subcommittee the opportunity to consider the study in its work. Ms. Dawes reminded the SPES that RAND is still engaged in significant analysis and peer review.

Ms. Clancy noted that presentation was designed to address the three points of the SPES charge:

1. What is the range of environmental stewardship practices and behaviors across all environmental aspects that EPA and the states should encourage?
2. What is known, from research and experience, about promoting environmental stewardship and leadership?
3. What should EPA, the states and local government do to promote environmental stewardship and leadership?

On the first question of environmental stewardship practices and behaviors, Ms. Clancy offered a brief survey of benefits that EPA created through Performance Track around best practices, including the coordination of 23 state voluntary programs, information sharing, knowledge transfer, mentoring between firms, facilities learning from one another, and EPA exchanging mutually beneficial learning with the entities engaged in Performance Track. RAND's research suggested that EPA does have a leadership role in leading programs for state and local groups. The positive effects of Performance Track may be instructive for SPES in framing answers to the first question in its charge.

On the second question of learnings from research and experience, Scott Hassell of RAND shared three categories of lessons, including high-level insights, insights from literature on program design, and initial insights from RAND's in-process research on Performance Track. One of RAND's "high level insights" was that stewardship, leadership and performance are nuanced concepts that overlap often but not always. Stakeholders interviewed supported the concept of voluntary programs. Some noted that such programs can create the impetus to improve environmental performance, as well as help change the nature of the relationship between the regulator and the regulated facility. Many facility representatives felt that their historical relationship with EPA was adversarial, and voluntary programs provide a way towards a broader, richer relationship.

Regarding lessons on program design from published literature, the RAND team made a number of preliminary conclusions. In general, RAND found a lack of quantitative evidence on voluntary programs and noted that additional data would be useful for future evaluations. There are also few resources to help program designers decide whether a program should be single-sector or economy-wide. There is, however, an existing body of literature examining why firms join voluntary programs; RAND highlighted the concept of organizational "personality" informed by the extent of its outward focus and interest in external recognition. Mr. Hassell noted that incentives are not uniformly valued by all participants; the personality dimension of organizations and facilities means that different incentives have impact on different firms. According to the RAND team, firms have a better opportunity to reap the benefits of joining voluntary programs than facilities; this may be due to firms' branding and recognition interests and opportunities.

While still in process, RAND shared initial insights from their ongoing research on Performance Track, including observations on program design and participant experiences. On the theme of program design and promising program mechanisms, the RAND team noted that information sharing and networking were universally recognized by interviewees as benefits of Performance Track. Performance Track grew in part due to "spillover"; its supporters publicized the program within their own organizations and across sectors through peer-to-peer recommendations. In some cases, one facility in a corporation would encourage other facilities to join. In other cases, organizations were spurred to join based on interactions with and positive recommendations from a colleague in the same sector.

In addition to information sharing, past participants found great value in recognition of facility efforts and commitments. The idea of using narrow recognition for specific actions was generally supported because concrete action can be clearly linked to demonstrable results. Broad recognition was not as widely supported; some stakeholders highlighted the difficulty of credibly recognizing an entire organization or enterprise when the reach of its operations span a large, complex set of situations and settings. Mr. Hassell explained that, as the scope of recognition increases, so does the burden of proof regarding the merits of such recognition. Provision of regulatory benefits was not universally supported by stakeholders.

RAND explained that site visits are another useful mechanism that can help EPA staff understand how facilities operate and create a great opportunity for feedback between the agency and facility staff. However, RAND acknowledged that having sufficient resources for such activities can be a challenge.

Another set of insights from RAND's ongoing research of Performance Track included participant experiences of the program, obtained through interviews. RAND's shared initial conclusions that private sector entities benefited from participation in Performance Track in a number of ways. The program improved employee recruiting, retention and morale, which was important from a competitive hiring perspective. Participating Performance Track facilities appreciated the help EPA provided by supplying basic environmental data. In many cases, data was not available at the facility and EPA was able to not only supply it but also normalize the information against facilities' operations analysis. Participating in Performance Track also created greater employee awareness of facility impacts and presented managers and employers the opportunity to discuss environmental issues. Performance Track created the opportunity for facilities managers to speak with EPA, establishing a more formal relationship. RAND also found that some improvements associated with Performance Track were made by employees on their own time.

On the third question of what EPA and states and local government do to promote environmental stewardship and leadership, Ms. Clancy focused on a set of general principles of program design drawn from Performance Track that may inform the effective promotion of stewardship. She explained that program designers need to be clear on the desired outcome and goals of new programs. Another critical design aspect is recognition of program activities that are dependent on actors outside the agency for implementation.

RAND stated that another key principle is to identify the way(s) a program will provide incentives to participation; this can be done by the process (e.g., membership status) or the end result (e.g., recognition for completing the program), and Performance Track did both. Programs

should be careful to specify the performance that will be associated with a benefit or level; having a tiered program could be attractive to a wider range of facilities. Process-based performance mechanisms, such as EMS, offer potential benefits and opportunities to move organizations beyond compliance.

Ms. Clancy reported that program designers should also seek to balance flexibility and inclusiveness of participation with the rigor of achievement; when attempting to induce voluntary participation, designers generally seek to keep transaction costs low and maintain a specific goal. Heavy reporting requirements will often discourage participation. The RAND team also found that programs need to be sufficiently clear to stakeholders with different levels of technical expertise, as it becomes more difficult to build grassroots support for complex actions and outcomes.

To protect EPA's brand, RAND recommended evaluating and piloting non-regulatory programs. Ms. Clancy suggested that program evaluation be considered at the program design phase, and that evaluations should be regularly conducted throughout the life of the program. As innovative programs can be complicated and require adjustment over time, RAND underscored pilot programs to be invaluable way of exploring and developing beyond-compliance programs.

Following the presentation, SPES members raised clarifying questions. One member asked about comparisons of Performance Track to other programs; the RAND team explained that although such a comparison was not part of their study, it was clear that similar programs doing similar things can achieve different outcomes based on the way they are designed.

Another member asked whether interviewees voiced broad support for holistic programs such as Performance Track. RAND explained that, while interviewees did not discount holistic approaches to stewardship, broad-scale approaches make program administration and evaluation more complicated. Another challenge of holistic programs is that member facilities can vary greatly in size and available resources. Although the RAND study did not focus specifically on SMEs, they noted that the higher the entry requirements for a program, the more expensive it becomes. Such a dynamic is challenging for smaller firms, which have fewer resources than larger members. One SPES member suggested that Performance Track was useful as a forum for smaller facilities to receive informal mentoring and other spillover benefits by learning from larger firms in their sector.

SPES members and RAND also discussed the impact of variation in facility size and resources on setting and achieving performance goals. Feedback from Performance Track members indicated a lack of agreement on the adequacy of program goals; some members felt goals were too high while others stated that goals were too low. Some reflected that variability of member capacities and resources may affect how well that member can attain the performance goals.

Touching on the recurring theme of stewardship vis-à-vis EPA's overall strategy, a member asked whether EPA has a point of contact for evaluating the overall holistic and systemic value of programs to the agency's mission. Chuck Kent explained that the question has been a topic of frequent conversation at EPA, although such evaluation has not been the task of any single individual. Another member reflected that quantitative criteria are too narrow a tool for understanding environmental stewardship. Another member pointed out the challenge of non-regulated programs constantly proving their worth in light of budget pressures.

Another discussion topic was support for Performance Track within EPA itself. The RAND team explained that they did not find significant opposition towards Performance Track within EPA, although neutral opinions did exist for some EPA staff simply because their focus was taken up by their own programmatic mandates.

SPES members offered observations on additional information they would like to see from a study on Performance Track to address the group's charge. One member also suggested the topic of the value of EPA's brand, and what factors influence its value. Another topic was the importance of understanding spillover effects from voluntary programs; members sought more information on the direct and indirect incentives for business participation, including external factors that influence why they participate. This member also sought information on the resource shift needed for EPA to be able to engage more small businesses.

Another topic raised was how to build share knowledge and communication between EPA and facilities without overstepping the regulator-regulated relationship. RAND explained that Performance Track members noted that the program increased facility managers' comfort level in reaching out to EPA with questions.

VI. Work Group: Learning from Past and Present Programs

The subcommittee listened to reports from each of the three work groups followed by facilitated discussion. Jen Peyser asked each of the groups to present a brief summary of work group discussions, give an overview of draft products, provide potential recommendations for consideration by SPES and finally, request feedback from the group about specific next steps to further develop or finalize potential subcommittee recommendations and products based on the theme of the work group.

Mark McDermid led the reporting session for the Learning from Past and Present Programs Work Group. The group sought to identify the lessons learned which can influence future program design activity. The group consulted with the RAND research team to ensure that the project could inform the work group and undertook a literature review of its own. The group looked at half a dozen programs for which formal evaluations exist to draw out key considerations. Mr. McDermid also spoke with a selection of past Performance Track participants and states about design considerations to consider for future programs. He emphasized that the work group's findings are not final, but rather a draft version intended to stimulate discussion and identify further information needed. (See attachment F for the work group's draft discussion document.)

In the course of its work, the group came to general agreement that there is a role for government in stewardship, although noted that EPA must carefully consider both its resources and influence in deciding how to engage. The group labeled EPA's ideal approach to stewardship as "holistic" rather than strictly programmatic or siloed. The group felt that there is some idea of what is required to attract members to join voluntary programs, although moving members from participation into accomplishment of goals is not as clear. The group did not feel it had identified a "tipping point" for identifying broader impacts or benefits of a program overall. One member explained that most Performance Track members self-select and therefore have positive views of the program due to its voluntary nature. Another theme was the danger of programs failing to evolve and stay current with the context they are designed to impact.

During the facilitated discussion, members discussed availability of data on the impacts of voluntary programs. Some also noted a lack of third-party verification for measuring outcomes of program participation. While there may not be full information on all topics of interest, members pointed out that there are useful models and literature to inform the work of the subcommittee. For example, Performance Track has and can continue to be studied for both its challenges and its areas of success; design, recruitment, and politically acceptability of past programs can provide valuable lessons. The relationship between regulations, market forces, and voluntary program participation and stewardship results is also important to review. Members expressed interest in understanding both successful and controversial characteristics of different programs to inform their recommendations.

Members identified several other potential topics to be informed by learnings from past programs, with a particular focus on program participation. One member suggested that identifying the best opportunities for attracting participation could be linked to creative thinking about the ideal size of potential member organizations. For example, a member organization might be relatively small but carry a large environmental footprint. Another member suggested that it is employee involvement which ensures early success of programs like environmental management systems (EMS).

Some members underscored the importance of market forces on participation. One suggested that the SPES study market forces that act as barriers to participation, and consider how those forces might be harnessed in a way that encourages rather than discourages greater stewardship. Another member framed the task as creating market incentives to encourage participation. Concluding this discussion, a SPES member agreed that this work group identified useful information and lessons that should be further considered as the SPES continues its work.

VII. Work Group: Motivation and Behavior

The Motivation and Behavior Work Group delivered its presentation to the subcommittee, offering a summary of its discussions and presenting its draft product. David Vidal provided the first of two presentations from the group, offering an overview of the matrix the group created. (See attachment G for this work group's draft discussion documents.)

Mr. Vidal framed the task of the work group as grasping what "attitude platforms" matter to whom, and identifying and understanding these platforms to affect desired change. The work group conceptualized stakeholder sectors according to four design elements: political, economic, functional, and human design. The matrix outlines points of influence for these groups. Taking representative target groups as audiences, the purpose of the tool is to understand the groups' core values and motivation, the practices and behaviors they exhibit that exemplify stewardship, and the government's ability to control and influence these groups. Target groups include a variety of government entities, businesses, agricultural communities, ethnic groups, environmental activist and just groups, academicians, faith based groups and media outlets. Two additional categories of critical stakeholders are supporters of the sunset Performance Track program and skeptics of stewardship at EPA. The work group felt it important to learn from these key groups.

The work group supported a focus on areas of influence rather than methods of control alone, as there are more opportunities and potential targets for influence than there are for regulatory

approaches. The intent of a study on motivation is to craft stewardship messages in ways that different constituents can understand and identify benefits. The work group explained that the matrix could inform action plans for each target group to inform EPA's outreach to these constituencies.

Aseem Prakash then presented on "Motivations for stewardship via voluntary programs" (see attachment H). The presentation covered environmental governance, characteristics of voluntary programs, core issues, motivations to join, potential for programs to help, motivating factors both internal and external to organizations, key lessons learned, and steps towards stewardship. He underscored that, as firms cannot satisfy every constituency, they will respond to those actors with greatest ability to reward or punish them. As such, if EPA's aim is to encourage firms to become stewards, the agency will need to design appropriate incentive systems. In closing, Dr. Prakash encouraged EPA to consciously consider global policy while focusing on effective implementation of a small number of key activities and controlling the agenda on stewardship.

Following the work group presentations, SPES members discussed several aspects of the scope of stakeholders to consider in researching motivations for stewardship. First, SPES members highlighted the value of an inclusive approach to stewardship that considers the motivations and opportunities to involve diverse stakeholders. Recognizing that it may be a challenge to design effective messages and outreach to all groups, the approach should be informed by seeking feedback directly from stakeholders that EPA is trying to reach.

Members also echoed Dr. Prakash's call for a global approach to stewardship, noting that while regulation is geographically bound, environmental issues are global. Several voiced support for EPA acting as a global teacher and leader on stewardship, as U.S.-based businesses operate globally and make decisions that affect many people and communities. Though these affected groups may be located outside of the regulatory boundaries charged to EPA, some members spoke of the need for the agency to be proactive in establishing a reputation as a global leader. At the same time, a member cautioned that EPA should share lessons without imposing views and approaches on other countries.

The subcommittee also discussed the challenge of balancing an interest in motivating stewardship through incentives while fulfilling regulatory requirements. One member expressed concern about voluntary programs offering regulatory incentives; he stated that while EPA can consider regulatory relief as an incentive for stewardship (e.g. reducing costs of regulatory compliance), implementation can be problematic. For example, offering different regulatory incentives to different companies is controversial with some stakeholders and creates rulemaking challenges for the agency. Another member offered a vision for the type of incentive that could be compatible with EPA's mandate: a programmatic approach to regulatory processes in which the process is negotiated and the costs of replication decrease over time. Another member stressed that regulations are also imperfect tools and can be bolstered with non-regulatory approaches. At the same time, he acknowledged that it would be challenging to gain EPA buy-in on recommendations around regulatory flexibility for participants in voluntary programs.

Regarding next steps for this work group, SPES members agreed the existing matrix could be a tool to help EPA consider appropriate approaches and messages for encouraging broad stakeholder action on stewardship. Members also agreed that the SPES does not likely have sufficient time to complete the full matrix, but may choose to add matrix details for one type of

stakeholder group. On day two, SPES members also decided that several members of this work group will join a newly forming work group on long-term approaches at EPA; lessons on motivation and behavior will be incorporated into those discussions.

VIII. Work Group: Integrating Stewardship in Core Programs

SPES member Nancy Girard gave an overview of the discussions from the Integrating Stewardship in Core Programs Work Group. (See attachment I for the work group's draft discussion document.) She shared that the work group considered "beyond compliance" to mean a holistic approach rather than simply one step forward. The work group had also discussed the opportunities for EPA to take a more consistent approach towards stewardship and to increase the number of stewardship advocates internally, including within core programs. Ms. Girard noted that, if it is to lead on stewardship, EPA must be able to identify challenges and potential solutions on pace with the private sector.

In the discussion that followed, a SPES member emphasized accessing the flexibility that already exists within core programs and looking for simple solutions that are already available. Some members echoed comments in earlier discussions, noting that regulatory functions do not address all aspects of stewardship, and that many non-regulatory efforts were designed to fill those gaps. One member suggested that the controversy around selective regulatory relief from voluntary programs created ongoing tension between core program offices and programs like the Common Sense Initiative, Project XL (eXcellence in Leadership), and Performance Track. Another member offered that the SPES should consider approaches that address those tensions.

Another suggestion was to incorporate the needs of core programs, priorities and processes to ensure that stewardship is harmonious with the essential nature of what EPA must accomplish on a regulatory level. For example, members discussed building the capacity of core program staff on issues of stewardship to infuse the mind-set throughout the structure of EPA, increasing knowledge, receptivity and support. Members also discussed the importance of involving core program staff in the creation and design of stewardship programs.

Some members also suggested examining successes that states have had in integrating stewardship across agency activities and within core programs. A member noted that state programs work in part due to the level and flexibility of communications and relationships within and across programs and agencies.

IX. Round Robin: Key Findings from Day One

Following the presentations and discussion around work groups, Jen Peyser led the subcommittee in a round robin session to surface key findings and discussion points from day one. The group sought to identify initial implications and considerations for subcommittee recommendations, including key themes and priorities. Members were also asked to identify potential recommendations that could be drafted before the next SPES meeting in October.

In the round robin, SPES identified a number of potential recommendations themes. Members stressed that recommendations should consider the long-term, nontraditional, cross-media and cross-cutting solutions that will be needed to address current and future environmental policy challenges, with a particular emphasis on energy and climate change as emblematic issues. At

the same time, members echoed EPA leadership's request for concrete and simple activities that can be readily implemented by the agency.

Members suggested that the SPES recommendations should also strive to encompass the following:

- Solutions that are applicable to existing core programs
- Links between environmental stewardship and economic health
- The value of spillover benefits from voluntary programs
- Mutual learning and complementarity between federal and state agencies
- A unified, clear definition of "beyond compliance"
- An understanding of how "market pull" can leverage program success and appeal, and compelling reasons for business to participate while protecting its interests
- EPA's position as a local, national and global leader on stewardship
- EPA's capacity to accommodate innovation and adapt programs to external realities
- Mitigation of the historical unease between regulatory and voluntary programs
- Ways to organize information on stewardship activities in a way that is easy for potential participants to find and understand which programs are right for them

X. Models of Successful Stewardship Approaches

SPES member Laura Fiffick opened day two of the meeting by sharing her insights about voluntary programs from the perspective of a recent city manager for the City of Dallas, Texas. (Her presentation can be found in attachment J.) Ms. Fiffick's narrative offered one example of how engaging with stewardship can go well, and illustrates the hard work associated with a successful initiative.

While working for the City of Dallas, Ms. Fiffick led an effort to put environmental stewardship at the heart of the city's operations. While the city undertook proactive measures aimed at stewardship, they were not comprehensive and victories were colored by shortfalls in compliance. Further, there were no citywide stewardship policies or practices, and no collaboration. Eventually, each department was given an environment-related responsibility; the city decided to go beyond facility consent decree requirements and implement stewardship efforts across the board. They set metrics around all initiatives and linked environmental performance to personal performance reviews. Peer review of failures and public notice of penalties provided motivation, as did positive public recognition of city employees and businesses in the region.

Ms. Fiffick's team learned from city employees and gathered low-hanging fruit by gleaning the wisdom and know-how of day to day operators. For example, speaking with employees, the city learned that the spills from sanitation trucks could be attributed to inexpensive hoses bursting due to heat; this was a problem that could be easily remedied. Another idea was to use farmers' market waste as compost in city parks. This achieved the buy-in of employees and led to simple, concrete ways to save money for the city while also improving environmental results. She stressed that up-front costs decreased over time while benefits were sustained.

The City of Dallas began engaging with EPA regularly by asking for technical assistance and sharing knowledge. Ms. Fiffick noted that EPA's advisory role was invaluable, particularly

because of the partnership efforts it established and connections it helped make with the right tools and contacts. For example, she noted that Performance Track staff was very helpful with EMS programs and metrics. The EPA regional administrator conducted several recognition programs, and EPA also notified Dallas of grants and recognition programs available to the city. (In addition to technical support, Dallas received an EPA seed grant and leveraged matching funds equal to seventeen times the grant to support housing, transportation, and other equipment improvements.)

Ms. Fiffick emphasized the difficulty of sifting through information to identify the resources and programs most relevant to Dallas; cities and other organizations benefit from assistance in identify tools and implementation guidance for stewardship activities. She suggested that the development of a guidebook or resource for other entities looking to replicate Dallas' success could be worthwhile.

The conversation turned to the catalyzing impact of enforcement action, or balancing the "carrots" of incentives and the "sticks" of regulation. A member cited the effectiveness of high-profile wake-up calls in the private sector and how SPES might consider leveraging such mechanisms to raise the profile of and commitment to stewardship. Ms. Fiffick shared that the success in Dallas would not have taken place without both carrots and sticks; she stated that their approach was generally to lead with the carrot and follow up with the stick if needed. In response to a question about how the City of Dallas set its priorities on the many options for voluntary programs, Ms. Fiffick cited the EMS process. She suggested identifying the largest environmental impacts and selecting activities that are realistic and easy to implement.

A theme around information sharing emerged from the conversation, pointing the way towards a potential SPES group initiative or product. The condition of operating in a world saturated by information presents the challenge of finding the right resources. An aspect of SPES recommendations could cover the need for EPA to streamline the process by which organizations search for information on programs, practices, and resources, including an option for finding sector-focused information.

Following Ms. Fiffick's presentation, Steve Hellem of the Global Environmental Management Initiative (GEMI) shared information on his organization and the nature of collaborations and partnerships with the private sector. (Mr. Hellem's presentation can be found as Attachment K.) Mr. Hellem spoke about GEMI's online website with tools and informational resources to make sustainability work in the marketplace and to make progress by capturing environmental and economic gains. Mr. Hellem reviewed the evolution of sustainability concepts, including total quality environmental management, pollution prevention, environmental accountability and performance, EMS, business value, strategic issues response, and engaging stakeholders.

Mr. Hellem also discussed the importance of engaging stakeholders such as NGOs in conversations on corporate sustainability. He noted that GEMI and the Environmental Defense Fund created a "Guide to Successful Corporate-NGO Partnerships." In response, a SPES member expressed caution about overemphasizing partnerships and coalitions; common stakeholder interests identified in non-regulatory initiatives can be challenged by different priorities surfaced in regulatory and legislative settings.

Mr. Hellem emphasized the "forgotten opportunity" of SMEs (which he defined as companies with $100 million to $1 billion in revenue). He explained that large corporations tend to understand and deal with stewardship well; they have the resources to apply to the issue. Smaller organizations may have an interest in making changes but lack guidance and funding. He noted that a guide from an agency, or from another corporation, can be helpful in encouraging and assisting other corporations in making improvements. Linking to Ms. Fiffick's message, Mr. Hellem suggested that the "what" needs to be followed by the "how" and helping corporations understand how results were achieved is key. A SPES member noted that large companies can also need assistance, and that an integrated set of tools and approaches including mentoring and training can be most effective.

SPES members discussed the contributions of technology to stewardship solutions. Mr. Hellem's presentation indicated the combination of technology and innovation applied to environmental challenges can bring economic gains to corporations. He cited examples of one technology being adapted for a new use, such as a novel application of water technologies to imaging techniques.

A number of members reflected on the challenge of realizing economic and environmental benefits. Organizations are often asked to implement environmental programs without attendant budgetary support. Remaining profitable is critical in the course of rolling out stewardship efforts. Further, once entities have taken advantage of "low hanging fruit," encouraging stewardship in corporations can require additional incentives – positive, negative, or a combination.

XI. Small Group Recommendations: Topics and Formats

The group broke up into small groups to potential recommendation topics and format for the subcommittee. Upon reconvening, the small groups offered the results of their deliberations and began visioning the future of the subcommittee.

Definition of Stewardship

Small discussion groups were asked to consider whether the NACEPT definition of stewardship is sufficient for the group and if not, what changes are needed. The breakout groups generally found the NACEPT definition of stewardship to be a suitable starting point, although all groups felt that SPES could evolve it to be more reflective of the subcommittee's charge. Members also expressed that the concepts in the definition needed more concrete application to move them beyond the conceptual level; they felt stewardship could be captured in shorter, simpler language that would be easier to communicate to stakeholders. One group focused on the definition's components around taking responsibility, complying with the law, and addressing the non-regulated space. They put emphasis on reducing environmental impacts and knowing what stewardship goals cannot be achieved by regulation alone. Another group enumerated significant elements of a definition, including a social expectation; a longer-term focus or extended accountability (e.g., cradle-to-cradle view); and a consequentialist theme of taking responsibility for immediate as well as longer-term consequences that are not immediately traceable to current actions.

EPA's Role in Stewardship

The groups were asked to consider whether EPA has a role in stewardship and if so, what that role might look like. All breakout groups concluded that EPA does have a role. One view was

that EPA can act as convener for stakeholders with substantial scientific knowledge and then turn around and facilitate dissemination, interpretation and understanding of the information by the general public affected by deliberations.

Members noted that EPA could also act to build the capacity and confidence of the public, the private sector, and other organizations building the confidence and capacity to act as stewards. This could be done through information sharing and technical assistance. One group noted that EPA should continue to nurture state capacity to participate in and lead partnership programs.

Acting as a repository and outlet for information – scientific and non-scientific – was a prominent theme across the groups. SPES members felt that EPA can act as a validator of best practices, science, and other types of information by being a trustworthy, credible and neutral source. The implementation of such a role might take on the form of creating a centralized website that offers open-source access to existing resources previously hidden from easy public view. One suggestion was to catalogue and publish EPA expert reports relevant to municipalities and businesses on different topics.

At the same time, some members identified the need for EPA to examine its own practices and knowledge prior to validating those of stakeholders. One member articulated the task as building a platform of credibility by the EPA, such as in data tracking and sharing, to encourage actions of credibility by others.

Other Key Issues and Questions for SPES to Take On

Finally, the groups were asked to consider other assorted issues and questions that need to be addressed. A variety of responses were generated. One suggested that EPA engage is a detailed public accounting for its statutory responsibilities, budget, resources and non-regulatory programs. Another was a call for consolidation of voluntary programs to focus remaining programs around a high-priority purpose. The theme of common understanding of terms resurfaced here, as it has throughout both SPES meetings. Of particular note was the mention of how terms around technology are construed and understood.

XII. Visioning the Subcommittee's Future Work

The subcommittee next shared views on their visions for SPES tasks and products. Several members referenced potential short-term actions and goals for EPA to consider in the next fiscal year, medium-term goals for 2010, and longer-term goals.

The group agreed that they should capture those ideas that have already been presented, particularly those "short-term" items that EPA could implement relatively quickly. For example, SPES could recommend that EPA create a web-based interface or "portal" of resources, and share guidance on a role for EPA as a leader on and catalyst for stewardship across government agencies. In capturing and drafting recommendations on these issues, the SPES could respond to Administrator Jackson's request to keep in frequent communication and suggest concrete and simple actions for EPA's consideration.

At the same time, members recognized the importance of a longer-term vision and framework for the subcommittee's work and for EPA's implementation of stewardship actions. Members reflected that this "long-term" perspective also applies to those challenges (e.g., energy and

climate change) and solutions that require an extended time horizon for implementation. In addition, the longer-term exploration should consider and address the questions in the SPES charge, and clarify that which the SPES believes to be outside the realm of key stewardship themes and activities. Further, members underscored the value of having a unified message on stewardship across EPA, to inform the approach of different media offices in communicating the role of stewardship to internal and external stakeholders.

Several members offered ideas for structuring and informing the subcommittee's work. One suggested articulating aspirational goals for EPA and its role in stewardship, documenting accomplishments and findings to-date about EPA's programs, conducting a gap analysis of what stewardship goals are not being covered by regulation or non-regulatory activities, and using that analysis to inform SPES recommendations. Another suggestion was that the subcommittee focus on principles, tactics, and implementation, while avoiding the regulatory-nonregulatory dichotomy; he named organizing principles of defining, establishing, clarifying and promoting collaborative advantage. A third member suggested that a scenario planning could assist the SPES in its work.

SPES members also discussed their initial vision for subcommittee products, naming as options a final report, recommendations letters, and a list or "menu" of options. Members again reflected on the timeline, noting that a final report would not likely be complete by the end of meeting four (planned for December 2009). Further, given Administrator Jackson's request for more frequent communication, the need to work recommendations through NACEPT, and the interest in providing input to EPA's budgeting process, members highlighted the utility of shorter, interim recommendation letters. All members also recognized that the ultimate format or formats of recommendations will depend on the type and extent of consensus among the subcommittee.

XIII. Creating New Work Groups

Following the visioning session, the subcommittee sketched out a set of work groups to be convened between meetings two and three, based on initial co-chair suggestions and further conversation among the full subcommittee. At and subsequent to the meeting, the following work group definitions or "charges" were shared with the subcommittee:

Short-Term or "Quick Hits" Work Group

This group is tasked with potential recommendations components that are relatively "simple" and "quick" for EPA to implement in the short term to promote stewardship. Examples could include recommendations for EPA to utilize/ maximize websites (and/or create a sustainability "portal"), provide a single point of contact for partnership programs to facilitate involvement in multiple programs, serve as an enabler/teacher for other agencies, and preserve valuable elements of Performance Track. Delivering short-term recommendations to influence key decisions on the 2010 budget cycle is an important link to this group. This work group can begin by reviewing ideas raised at the meeting.

Long-term Work Group

Building on Lisa Heinzerling's remarks, this group is tasked with considering EPA's role in the context of organization stewardship in addressing issues (such as climate change and energy use) that invite and require a cross-sector, cross-media, and long-term perspective. Activities should link positive environmental and economic outcomes. The group should also consider how to

capture some of the spillover effects (providing a voice for corporate environmental initiatives, encouraging employee innovation, building internal morale) that appeared to have been generated in at least some companies by Performance Track. Another theme could include how EPA can act as a leader not only in the context of its domestic regulatory charge, but also as a global leader on issues which transcend political boundaries. This group will also incorporate the thinking of the former motivation/behavior work group. SPES members agreed that the work of the Motivation and Behaviors Work Group would be folded into the Long Term group since its work on the matrix and mapping fit nicely in the subject.

Gap Analysis / Unifying Themes Work Group
This work group is tasked with examining the extent to which EPA's regulatory functions sufficiently and creatively accomplish the agency's mission and stewardship role, and non-regulatory strategies that could address any gaps identified. In other words, they will explore how the "carrot of stewardship" could accomplish agency goals that the "stick" of regulation does not. This is not meant as an extensive review of code and mandate, but a "policy think" on how non-regulatory activities can complement regulatory functions in an effective, efficient, and innovative way. (For example, EPA does not regulate water and energy consumption, but could potentially play a non-regulatory role to promote stewardship and significant environmental impact. The group may also consider how EPA could act to promote the "spillover" benefits of voluntary programs.) The group will also consider whether EPA should develop a unifying theme for their partnership programs (for example, around stewardship or sustainability) which cut across EPA's programs, with an eye towards building synergy within the agency. This group will also look at the question of how EPA might allocate funding for voluntary efforts in relationship to its core program.

Definition of Stewardship Drafting Group
In addition to the above three work groups, a smaller drafting group will discuss the definition of stewardship. This conversation could include considerations of EPA's role in stewardship, developing a more robust vision of stewardship, articulating a simple definition that is easily translatable, considering what it does and what it is, and concepts on how stewardship can be operationalized.

After identifying these work groups, the subcommittee members determined participation in the small groups, working to create teams representing a cross-section of SPES perspectives.

XIV. Public Comment

There was no public comment on day one of the meeting. On day two, one member of the public took the opportunity to speak to SPES on sustainability. Beth Tener from New Directions Consulting spoke about the remarkable results that can be achieved by a small, energetic team of dedicated people. She stated that such efforts can have huge impacts across supply chains. Ms. Tener spoke about the excitement around trying to solve big problems, with big, bold goals. She encouraged EPA to think of its work in such a way. Ms. Tener also encouraged the SPES to focus on all the elements that are working throughout existing programs, expressing that there is much existing value to be found in these initiatives.

XV. Summary and Conclusion

At the conclusion of day two, Jen Peyser closed the meeting by reminding the group of the work ahead and the next convening in October and reviewing known next steps. To access the Action Items produced immediately following the conclusion of the meeting, see attachment L.

XVI. Attachments

The following attachments are included with this report (below)

A. Agenda
B. Participant List
C. Flipcharts

The following attachments accompany this report in PDF format

D. Stephan Sylvan, National Center for Environmental Innovation (NCEI), OPEI, EPA – *PowerPoint*
E. Eric Ruder, IEc, Inc. – *PowerPoint*
F. Learning from Past and Present Programs – *Work group draft discussion document*
G. Motivation and Behavior Work Group – *Work group draft discussion document (matrix)*
H. Aseem Prakash – "Motivations for stewardship via voluntary programs" – *PowerPoint*
I. Integrating Stewardship in Core Programs Work Group – *Work group draft discussion document*
J. Laura Fiffick presentation on City of Dallas – *PowerPoint*
K. Steve Hellem, GEMI – *PowerPoint*
L. Action Items Memo – *Word document*

We, Lee Paddock and David Paylor, Co-Chairman of the Subcommittee on Promoting Environmental Stewardship (SPES), National Advisory Council for Environmental Policy and Technology (NACEPT) hereby certify that the subcommittee meeting summary for the dates of August 18-19, 2009, are hereby detailed and contain a record of the persons present, give an accurate description of matters discussed and conclusions reached, and copies of all reports received, issued, or approved by the advisory committee. Our signature dates comply with the 90-day due date after each meeting as required by GSA Final Rule.

November 6, 2009
Date

Mr. Lee Paddock, Co-Chairman
(Co-Chairman's Signature)

November 6, 2009
Date

Mr. David Paylor, Co-Chairman
(Co-Chairman's Signature)

Attachment A: Meeting 2 Agenda

U.S. Environmental Protection Agency

National Advisory Council for Environmental Policy and Technology (NACEPT)
Subcommittee on Promoting Environmental Stewardship (SPES)

August 18-19, 2009

One Potomac Yard
Conference Center South (1st Floor)
Room S-1204-06
2777 S. Crystal Dr., Arlington, VA 22202

Proposed Agenda

Desired Outcomes:

- Learn key lessons from selected past and current partnership programs at EPA
- Gain better understanding of stakeholder motivation for participating in stewardship activities
- Learn about models used by organizations to integrate stewardship into their core programs
- Begin shaping the potential recommendations of the Subcommittee

DAY 1 – Tuesday, August 18, 2009

8:00 – 8:30 **Coffee/Tea**

8:30 – 9:05 **Welcome, Introductions, Meeting Objectives, and Agenda**

Welcome and Subcommittee Introductions *[15 min]*

Opening Remarks *[10 min]*
Lisa Heinzerling*, U.S. Environmental Protection Agency (EPA)*

Meeting Objectives, Agenda, and Ground Rules *[10 min]*
Jennifer Peyser, *RESOLVE Facilitator*

9:05 – 9:20 **Subcommittee Charge, Operating Procedures, and Meeting 1 Summary**

Objective: Review and adopt final proposed charge, operating procedures, and meeting 1 summary.

Jennifer Peyser, *RESOLVE Facilitator*

9:20 – 10:20 **Overview of EPA Partnership Programs**

Objectives: Learn about EPA's partnership programs, resources, and approaches employed to influence and promote stewardship behavior.

Presentation *[30 min]*
Stephan Sylvan, National Center for Environmental Innovation, EPA

Facilitated Discussion *[30 min]*

10:20 – 10:30 **Break**

10:30 – 11:00 **Highlights of Stewardship Program Literature**

Objectives: Hear lessons from key research on promoting environmental stewardship.

Presentation *[20 min]*
Eric Ruder, *IEC, Inc.*

Questions *[10 min]*

11:00 – 12:00 **RAND Evaluation: Lessons of Performance Track Program**

Objective: Hear about RAND Evaluation as an example of "learning from past programs," and identify messages that inform Subcommittee

Frame Presentation *[5 min]*
Katherine Dawes, National Center for Environmental Innovation, EPA

Presentation *[30 min]*
Scott Hassell and Noreen Clancy, *RAND Corporation*

Facilitated Discussion on Lessons for Subcommittee's Work *[25 min]*

12:00 – 1:00 **Lunch**

1:00 – 2:00 **Work Group: Learning from Past and Present Programs**

Objective: Hear summary of work group products and discuss implications for potential subcommittee recommendations.

Presentation *[30 min]*
Work Group Members (Mark McDermid)

Facilitated Discussion *[30 min]*

2:00 – 3:00 **Work Group: Motivation/Behavior**

Objective: Hear summary of work group discussions and the stakeholder matrix and discuss implications for potential subcommittee recommendations.

Presentations *[30 min]*
Work Group Members (David Vidal) *[15 min]*
Aseem Prakash, *University of Washington, SPES Member [15 min]*

Facilitated Discussion *[30 min]*

3:00 – 3:15 **Break**

3:15 – 4:00 **Work Group: Integrating Stewardship into Core Programs**

Objective: Hear a summary of work group discussions and initial draft products, and discuss implications for potential subcommittee recommendations.

Presentation *[15 min]*
Work Group Members (Nancy Girard)

Facilitated Discussion *[30 min]*

4:00 – 5:00 **Facilitated Round Robin**

Objective: Share key findings and discussion points from the day 1 work groups and other presentations. Summarize implications for subcommittee recommendations, as well as "parking lot" items to be addressed in the future by the SPES.

5:00 – 5:15 **Public Comment**
(Those interested in making comments during this designated period should register with EPA upon arrival. Time allowed for individual public comments may be limited depending on number of speakers.)

5:15 – 5:30 **Wrap-up and Look Ahead to Day Two**

6:30 **Optional Group Dinner – Legal Seafood (2301 Jefferson Davis Hwy.)**

DAY 2 – Wednesday, August 19, 2009

8:00 – 8:30 **Coffee/Tea**

8:30 – 8:45 **Day Two Agenda Review**

8:45 – 10:15 **Models of Successful Stewardship Approaches**

Objective: Learn about models that other agencies and sectors have used to integrate stewardship principles and practices. Discuss how these models could be applicable to EPA and the Subcommittee recommendations.

Brief Presentations and Interactive Panel Discussion *[90 min]*
Steve Hellem, *Global Environmental Management Initiative (GEMI)*
Laura Fiffick, *to speak about City of Dallas*
Speaker TBD, *Occupational Safety and Health Administration (OSHA), Voluntary Protection Program (VPP)*

10:15 – 10:30 **Break**

10:30 – 12:00 **Visioning the Future Direction of Subcommittee**

Objective: Building on day 1 round robin, review take-aways from work groups and other meeting 2 presentations, and discuss emerging subcommittee recommendations, including information needs.

Small Group Discussions on Recommendation Topics and Formats *[45 min]*

Facilitated Discussion *[45 min]*

12:00 – 1:00 **Lunch**

1:00 – 2:00 **SPES Work Plan: Future Activities, Work Groups and Timeline**

Objective: Based on results of visioning exercise, determine activities, work groups, and timelines for moving forward.

Facilitated Discussion *[60 min]*

2:00 – 3:30 **Breakout Sessions – Work Groups**

Objective: Hold conversation to kick off the activities of new work groups (and continue existing work group, if needed), identifying an initial issue outline and next steps, leads, and timelines for developing products to inform subcommittee.

3:30 – 3:45 **Break**

3:45 – 4:00 **Public Comment**
(Those interested in making comments at this meeting should register with EPA upon arrival. Time allowed for individual public comments may be limited depending on number of speakers.)

4:00 – 4:45 **Report Back on Work Group Discussions**

Objective: Convey key points that emerged from each discussion. Map out timeline and approach for initial set of priority issues, resources needed, etc.

4:45 – 5:00 **Summary and Next Steps**

Objective: Wrap-up, agree on action items (with assignments)

Lee Paddock and David Paylor, Co-chairs

5:00 **Adjourn**

Attachment B: Meeting 2 Participant List

Ian Bingham, Administrator, Arizona Environmental Performance Track Program

Suzanne Burnes, Asst. Director, Sustainability Division, Georgia Department of Natural Resources

Patricia Calkins, VP Environment, Health and Safety, Xerox

Myra Carpenter, Director of Environmental Affairs, Michelin

Laura Fiffick, Senior Environmental Scientist, Gresham, Smith and Partners

Nancy Girard, Executive Director, Multi-State Working Group on Environmental Performance

Gary Hunt, Director, Pollution Prevention and Environmental Assistance, North Carolina Department of Environment and Natural Resources

Isabel M. Long, Environmental Justice and Community Partnerships Program, Sierra Club

Mark McDermid, Cooperative Environmental Assistance, Wisconsin Dept. of Natural Resources

Erik J. Meyers, Vice President for Sustainable Programs, The Conservation Fund

Jeff Muffat, Manager, Environmental and Regulatory Affairs, 3M

Lee Paddock, Associate Dean for Environmental Law Studies, George Washington University Law School

David Paylor, Director, Virginia Department of Environmental Quality

Aseem Prakash, Professor of Political Science, University of Washington

John Rosenthall, President, National Small Town Alliance

Deidre Sanders, Environmental Policy, Pacific Gas & Electric

David Struhs, Vice President of Environmental Affairs, International Paper

David Vidal, Research Director, Global Corporate Citizenship, The Conference Board

John Walke, Director, Clean Air Project, Natural Resources Defense Council

Attachment C: Meeting 2 Flipchart Notes

EPA Partnership Programs

Organizational theory at EPA regarding partnership programs?
- ➔ By issue, e.g., Water scarcity
- ➔ Gap analysis
- ➔ IAC review, e.g., Environmental Results Program

Relationship to EPA strategic goals; all 46 programs
Stakeholder involvement in formulating theory?

External / Private initiative (e.g., Clean Air Minnesota)
- ➔ EPA as a supporter, not leader
- ➔ USGBC / LEED; EPEAT; green purchase

Does EPA evaluate whether "right tool" is being used (e.g., Partnership programs vs…?)
- ➔ Cross-agency review for new programs
- ➔ Where are programs most appropriate?

Definition of stewardship – "taking responsibility for our choices"
- ➔ Entire toolbox can push stewardship
- ➔ Stewardship equals partnership progress???

Connection between stewardship actions and systemic effect?
(EPA not aware of evaluation / assessment)

Program / Policy mix and logic
- ➔ Hard to identify organizational theory

Program efficacy – what if program hasn't existed?
- ➔ Ability to recruit members
- ➔ Motivation to adopt new policies
- ➔ Concept – what trying to achieve?

Programs vs. project vs. campaign (differences between the three)
Programs = Dedicated budget and staff year-to-year
Project = Smaller scale
Campaign = within a program with a specific focus

"Spin-off programs" – Does EPA track?
- ➔ Does mission / membership change
- ➔ Is EPA brand used? → guidelines usually not
- ➔ Keeps list; not evaluated

Evolution of a problem at EPA
- ➔ What mechanics at EPA for adaptive management; determine which tools are needed.

Making it easier for companies / organizations to get involved in programs identifying which program is right for an organization; allow organizations to figure out what's best for them.

Literature Review (Eric Ruder)

Slide 16 – Single sector focus
- ➔ Consider where applicable; a combination with multi-sector
- ➔ Part of strategic approach

Omission (pPerformance Track) vs. Commission (much of literature review)
- ➔ Possible for stewardship? May not be possible.

How advanced polluntion prevention agenda → front end stewardship?

Micro-level (facility by facility) or Macro-level (strategic, up front)
Compliance → New market expectations → sustainability

RAND Presentation

Holistic approach vs. issue-specific within core programs
- ➔ Holistic is hard to evaluate across range of activities

Elements that were inherently beneficial or disadvantages for SME? (not evaluated specifically)
"One program fits all" is difficult
- ➔ Consider entry requirements
- ➔ Encourage improvement, or improve performance?
- ➔ SME benefit from information sharing; mentoring

Quantification criteria? Normative item?
- ➔ Trace values to outcome.

Any objections to Performance Track purpose – integrated, holistic environmental management? (RAND didn't look at this specifically)
- ➔ Anyone at EPA charged with evaluating overall mission?
- ➔ Nobody's job, but it has been discussed extensively.

Requirements to join program and flexibility of goals
- ➔ Trade off of requirements and participation
- ➔ RAND heard range of answers

Value of EPA brand to facilitate firms – factors

EPAs role in these programs
- ➔ What kind?
- ➔ What limitations?
- ➔ What factors?

When are s involved, including in evaluation; who / when / how are they involved?

Relationship changes between EPA and the regulated community → how better involvement without other negative impacts?

Nature of spillover impacts

See more information on business benefits and incentives – why business might or might not participate (e.g., State regulatory environment).

Do entities file CSR reports with other agencies? Dovetailing?

Regulated vs. non-regulated actors

Resources (e.g., SME → where is resource shift and demand; how set tipping points?

Expand on → role of participating constituencies – pros and cons
- ➔ EPAs focus on increasing membership
- ➔ Role of EPA staff
- ➔ Role of state partners
- ➔ Businesses – participating and not

Any intent to compare Performance Track to other programs?
How do other programs succeed? – state programs

Motivation – EPA staff
- ➔ How Performance Track is accepted within EPA itself?
- ➔ Other staff found to be neutral on Performance Track – had their own work to do

EPA Staff – facility relationship
Point of contact; perception that asking questions leads to problems.

Benchmarking Performance Track against something else
- ➔ Are Performance Track issues unique, or is overall theory / program mix a problem?

Lessons Learned WG

"Initial Findings"

Performance Track participants / program participants self select; like program and opportunities

There is a role for government

Some understanding of what it takes to get groups into a program; but not tipping point of broader particular / impacts / benefits

Role for EPA – yes – but consider resources and scale
- ➔ Different than program-based or silo approach

Questions / Discussions

If enrolled in program and backsliding… → investigate this question?

Be descriptive

Difficult to measure outcome of participation – look at 3rd party certification?
- ➔ May not address issues of efficacy and attribution, given program design

Where is the largest opportunity (re: size of organization)?
- ➔ Large companies are really groups of small organizations (facilities)
- ➔ Where on the spectrum?
- ➔ Externally validated framework

Involvement of employees in EMS correlated to program's success

Can we learn from successes (e.g., EnergyStar)?
- ➔ What works well and what doesn't?

State learnings
- ➔ Performance improvement is harder but some studies exist
- ➔ Recruiting
- ➔ Efficacy
- ➔ Program design
- ➔ Politically acceptability

Performance based management / programs
→what will be needed in 20-30 years?
→what works across programs?

How do we do cross-program/sectors work?

How to decode regulations and apply them to desired environmental results?

Voluntary programs
a) Compliance-based measure (and go "beyond")
   1. False measure of stewardship

b) Non-compliance / unregulated
   1. Has played some role in forestalling new regulations

Proposal – holistic, forward-looking how agencies can work together

Looking at members – how can EPA motivate others; not for regulatory benefits, but how do market forces work – what learning from facilities / EPA interaction?

Can regulations be written in a way that acknowledges business profit needs / market forces (that may be barriers) → how to move to increase stewardship?

Role of regulations to intervene when market fails – how to create market incentives / market pull – send signals

Further work, reframing

Take advantage of Aseem's work (literature)

Market pull and go past voluntary programs as funding off regulations – bigger ideas of stewardship without attract from business audience.

Motivation and Behavior WG

Subject matter experts – reflect spectrum of experiences

Highlight role for EPA as "global teacher"

Matrix – how to deal with leaders, mid-tier and laggards?

With matrix, take an example (e.g., Large city or company)
- ➔ Matrix as helpful for design process

Matrix essential as a tool to understand groups (e.g., Ethnic groups – if can't answer, do outreach to them.

Tend to generalize with groups – facts and experience.

EPA international work – careful to not impose

Motivation to join a program – political problems
- ➔ Costs and regulatory relief (reduces costs but is controversial)
- ➔ Non-excludable benefits – careful of picking amongst firms; legal justification for different application of regulations for different firms – differential treatment
- ➔ Resources for new statutes that apply to smaller number of entities that participate

Take away → combination of global sense and global sensibility to be sustainable.

Beyond compliance – what brings to the table "additionality" – if were not compelled to do this, what value would you be bringing?

Programmatic approach – design / method / process
- ➔ Cost of replicating would drop if agency approves
- ➔ Not out of regulation but certainty
- ➔ Regulatory design that works for that

Regulatory relief not always bad; regulations have a limitation – but steep climb for regulatory flexibility.

Core Programs WG

How do you access the flexibility that already exists within core programs?
- ➔ Catalogued from air / water / waste

Hearing from EPA – possible panel of staff from core programs (in October) – non-political career staff.

How to build support that integrates needs of core programs, priorities and processes

Involvement of core program staff with EPAs successful partnership / voluntary programs – models?

Came from core programs to address gaps.

Core programs
Impact of core staff involvement on level of success on non-regulatory programs

Performance Track vs. others, e.g., EnergyStar?

Project XL as an early attempt at bringing in broad stakeholder and staff across the agency.

Efficiency and efficacy → need goes beyond stewardship – engrained cultures within EPA

Tensions within EPA – centered on Common Sense, XL, Performance Track – regulatory relief aspect

Minimize "static" that occurs when differences of opinion exist within the agency.
PCSD – what's the future of environmental management of 21st Century? ➔ need a lab. ➔ Still need to understand / allow for continuous improvement ➔ Incorporate lessons within regulatory system – voluntary programs were first attempt – still needed ➔ Have EPA to look up to with defined role Innovation → core ➔ "crack open" what's already there – thinking creatively ➔ SPES task, beyond what core program thinks When determine flexible options, hard to replicate.
With stewardship as a tool, and not a driver of all tools is limiting ➔ If integrating, take stewardship out of isolation – make it fundamental to programs ➔ Make part of performance evaluations of senior managers Look at programs – what worked and what didn't Is Performance Track / Common Sense / XL at federal level, didn't succeed – to extent worked at state level – why? Is mandate to look at market based etc. what's our mandate – cap and trade etc.
Element of regulated entities – what contributes to stewardship in the context of other drivers For next meeting → state program presentations? Multi-media programs have struggled at EPA – if just core programs Why state programs work? ➔ Communications are smaller and more flexible
Round Robin Cross-cutting examples – Green Buildings and sector work, Smart Growth What does agency need to keep in mind – bearing in mind cultural differences, evolution → role stewardship may play in that challenge Role of policy office may play, may need to be implemented, not just what do with agency we have now Organize programs in a way that is easy to find; understand what's best for an organization, what can join vs. what's a collaborative effort. XL – not applicable – move forward.
Consider stewardship – responsible, long-term opportunity Climate change Concrete, simple – core programs

Activities (e.g., Take responsibility for energy usage) ➔ Information ➔ Programs ➔ Programmatic options ➔ Pilot ➔ Regulatory authority ➔ Successful voluntary examples Something to inform budget process Tie environmental goals → economic goals
Energy and Climate – Complexity / challenge and how work can fit in regardless of new legislation EPA organizational theory and whether / how stewardship can be a part of it Spillover effects / benefits – will program capture these in addition to environmental benefits? Work between EPA programs and states Non-compliance because? 1. Ignorant of the law 2. Lack of resources 3. Worth the risk What prevents organizations from going beyond compliance 1. Incentives 2. Information / access 3. Resources / capacity building
Beyond statutory regulations, how to encourage decreased environmental impact ➔ EPA and other agencies become an enabler, address 1 → 2 → 3 Cut across divides and silos What does “beyond compliance” mean? Big ideas – not incremental ➔ Have big challenges – energy, water ➔ Regulatory goals haven’t all been met. Simple and concrete; don’t raise expectations too much Look at full toolbox – what are next concrete steps? Think beyond 46 programs What advice or challenges of long-term cross-media work at EPA?
Incenting stewardship through emissions reduction strategies ➔ using existing approaches may not be enough idea of market pull – product design and labeling may work best (e.g., EnergyStar)

- ➔ cross-media, product oriented

Something simple but with ability to build tiers (successful at state program level)

Control – for EPA – effect on innovation and EPA's ability to accommodate
- ➔ unease with regulator and regulated relationship – how to work together?'

Different orientations – business and government
- ➔ competitive advantage matters
- ➔ not just compelled, but *im*pelled.

Tools – are we meeting the need with the toolbox? – if leveraging not at EPA – how work across governments

Key findings → product labeling / design vs. production processes

Metrics
- ➔ air
- ➔ consumption of energy and water
- ➔ waste generation
- ➔ waste landfill
- ➔ metrics across a sector?

Market expectation and market pull
- ➔ can education programs drive innovation
- ➔ program that cold tie in (e.g., SmartWay program) → helps companies

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Naming programs / terms
- ➔ branding and marketing
- ➔ avoid unintended expectations

Branding question –
- ➔ attributes we want brand to embody so audience can receive message and know what it means

The Stewardship Enterprise
- ➔ a) Intention – stewardship as self-activated – a decision to be involved
- ➔ b) Action – Enterprise – business, innovation, creativity, creates action

First Principles at EPA – regulatory enforcement
- ➔ what are First Principles for strategic impact initiatives

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Stewardship as money supply… EPA as the cash

First Principles
1. Do No Harm
2. Systemic consequences of outcomes
3. Harmonization
4. Globalization

Focus – put things on paper
- ➔ What has / hasn't worked
- ➔ Examples to follow; what to improve
- ➔ Emphasis on climate change

- ➔ What is "beyond compliance"
- ➔ Specific goals for voluntary programs
- ➔ Expand to non-regulatory community (e.g., Water conservation → work more with communities and minority groups.

What should corporate leaders do?

Baseball game
- ➔ Co-chairs are opening pitchers
- ➔ SPES in the bullpen
- ➔ Closers – co-chairs and Jennifer Nash

Stakeholder outreach – those impacted by who can impact stewardship
- ➔ College students – teach them now.

1. Focus on climate change and energy → look at example
2. Stewardship with long-term view
3. Environmental and economic
4. Work across divide

- ➔ Flexible enough to evolve
- ➔ Beyond national constraints
- ➔ Creating market-based pulls to accelerate progress → goals.

Quantum shift – how to encourage?

Agree on goal and definitions
- ➔ EPAs role in corporate stewardship and related goals / initiatives

Begin to extract principles – how morphs into recommendations

Meaningful for environmental future of the nation.

Do you see these as sustainable structures / processes?
- ➔ Part of everyone's job
- ➔ No longer an initiative – it's there

Would specific public sector programs be a good idea to explore?
- ➔ Liked intersection / working with private sector

Resources at EPA to spread knowledge?
- ➔ Was very helpful – set goals and measure results

How much is easily replicable, or could there be use for hardcopy book or guide?
- ➔ Objective, target, legal list – hard to find
- ➔ Dallas put EMS on web; guidebook helpful

How did Dallas set priorities?
(beyond city manager – ad hoc)
Driven by EMS, organically, other?

- ➔ Some City Manager, mostly by EMS. Where could you save money, biggest environmental impact and bang for the buck?
- ➔ Realism – what could you do? (saved all in matrix)
- ➔ Go into the field for ideas

Waxing / waning of ideas
EMS evolution – input part of Performance Track, etc.

- ➔ A lot of self-invention and self-definition by companies
- ➔ Dialogues of diverse groups used less – need collaboration
- ➔ Cultural involves stakeholders – national dialogue

Much variation across states
Regions should assess – what if low hanging fruit gets picked?
What's next and what resources are needed?

- ➔ Another program to state program not desired by private sector

Caution regarding partnerships

Need for concrete help and assistance for the business community (guide), or is there enough?

- ➔ Business receptive to EPA guidance
- ➔ Large corporations get it; resources there (e.g., Chrysler guide used by others)
- ➔ Defining concrete – under $2 Billion in sales (e.g., SME) – GAP – NFIB / SBA

Large companies may need help too – a lot of low hanging fruit

- ➔ Mentors do help – OSHA VPP
- ➔ Need more than a book – training, webinar, etc → NIST, MEPs

Scope of EMS and problem-solving – looks at current costs / impacts
→bigger gap = prevention – avoided cost

- ➔ How to incorporate more strategically, up-front
- ➔ What tools are needed for analysis
- ➔ Technological innovation, environmental impacts → to reinforce existing buildings
- ➔ Apply existing technologies to other places

Applying technology elsewhere

- ➔ EPA facilitating open innovation?
- ➔ Linking to universities

Research on motivation –

- ➔ Environmental impacts and make profits?
- ➔ Primary motivation?

Tools to meet environmental challenges

- ➔ monitoring, reporting, verification (e.g., For CO2)
- ➔ EMS in place in different kinds of organizations
- ➔ Link EMS tools to scope and scale of challenges trying to address
- ➔ Consider global financial system – understand financial / other reporting

➔ Verification of reports

There are conflicts – "win win"
Can be misleading / challenges
➔ Recognize need for incentives for average business
➔ Balance between carrots and sticks
➔ Opportunities (under $2Billion, municipalities)

Focus on middle 70% - get them up to where the top 15% is

Need defined roles for industry – how economic advantageous
➔ Develop programs and explain implementation

Catalyzing impact of enforcement – consider role of "wake up calls" to increase stewardship – what kinds of wake up calls can we facilitate?

Convey and communicate to public → verification of environmental outcome… what accomplished and how (e.g., Encourage replication)

Start with carrot… if it doesn't work, go back to the stick.

Overlay sustainability on comprehensive land use planning

Principles – tactics – implementation
➔ Zero-sum? / trade-off
➔ Generate a positive sum approach

Defining, establishing, clarifying, promoting
The collaborative advantage
➔ Get away from binary of voluntary and regulated
➔ Answer questions of "what's the incentive"?

Get information but in a meaningful way
Companies that want to do more – make it easier for them
Sector-specific models?
➔ Contact / access to resources and people who can help.

RILA – worked with EPA to create a toolbox → where are the gaps, by sector?

VISIONING – Small Groups

1. Stewardship definition
➔ Does the NACEPT definition get us there?
➔ If not, what are the steps and factors to add or amend?

2. EPAs Role:
➔ Is there a role for EPA in organizational stewardship?

➔ If so, what type of role(s)? – big picture

3. Other key issues and questions for SPES to take on

Report back –

Stewardship
- ➔ What won't happen with regulations
- ➔ Regulated and non-regulated community
- ➔ Taking responsibility for…

EPA Role – yes…
- ➔ Enforcing regulatory goals (with good science)
  understanding baseline
  vision of where to go
  prioritization of goals

- ➔ Convenor
- ➔ Translator
- ➔ Creator of instruments
- ➔ Creating repository for information / science

International / global role
Certifying best practices – 'Good Housekeeping'
Validator / honest broker

CDC model – certification NASB
Don't constrain innovation

Other Key Issues
- ➔ System for timely verification of claims
- ➔ Leadership international – key areas domestically
- ➔ Certifier of certifiers

Stewardship
- ➔ Simpler language?
- ➔ More concrete application
- ➔ Operationalization → translate into action
- ➔ Identify timelines and metrics for stewardship?
- ➔ EPA have public notice – invite comments on goals / benchmarks

EPA Role
- ➔ Identify 1-2 concrete actions and initiatives
- ➔ Information sharing on existing resources – central website (biz consultant on information and resources in helpful and accessible way)
- ➔ Catalogue and publish activities at the agency
- ➔ Should relate to climate change and energy usage

- ➔ Reframe economic discussion to account for long-term (not quarterly) costs.
- ➔ EPA create a U.S. version of the Stern Report (long term costs of climate change)
- ➔ EPA to research efforts – make the case for costs and investments on long term.

EPA Role (cont'd)

Campaign aimed at minority communities – make stewardship more relevant to lives

EPA → state capacities – don't lose

Engage in detailed public accounting
- ➔ deadlines, resources, regulatory and non-regulatory
- ➔ how to achieve aspirational goals

Consolidate and direct EPAs voluntary programs → higher purpose
- ➔ identify commonalities, unified theme (energy, climate change)

Report back –

<u>Stewardship</u>
- ➔ Social expectation
- ➔ Extended accountability
- ➔ Consequentialist view
- ➔ Broad environmental range
- ➔ Cradle-to-cradle
- ➔ Up front cognizance
- ➔ Largely NACEPT and elements

<u>EPA Role</u>
- ➔ Driver of the bus
- ➔ Rules are insufficient
- ➔ Set tone
  1. Provider of resources
  2. Enabler
  3. teacher
- ➔ Possessor of brand name
- ➔ Validator
- ➔ Holder of records
- ➔ Record keeper
- ➔ Mediator of trust

- ➔ Source of increased confidence and motivation for corporations to act as stewards
- ➔ "Physician healing self" (e.g., Record keeping in order as requested by corporations)
- ➔ Metrics are important – improve credibility of EPA / encourage corporate confidence
- ➔ EPA as owner / proprietor / manager?

Other
- ➔ Terms – clarify and agree – explain and subscribe
- ➔ Motivation – carrots and sticks
- ➔ Building platform of credibility by EPA to build credibility of others
- ➔

Workgroups

Unifying Themes – common qualities (co-chairs and SPES members as interested)

Gap Analysis
- ➔ What's EPAs mission in code?
- ➔ What could "carrot" programs accomplish that "stick" programs don't?
- ➔ Suite of strategies EPA could use to close the gap
- ➔ Relationship between regulator and non-regulatory

Short-Term / Quick Hits
- ➔ Information
- ➔ Website
- ➔ What can we do NOW (e.g., Convenor of state programs)
- ➔ Consolidate
- ➔ Simple
- ➔ Understandable
- ➔ Portal to accessibility and clarity
- ➔ Aspects of Performance Track that are important and should be preserved in some form

Long-Term / Motivation
- ➔ Relationship between entities cross-cutting
- ➔ Later? … principles
- ➔ Climate change and energy use in context of stewardship

Definition of stewardship (co-chairs + SPES input from interested members)
- ➔ Concepts to operationalize

Short and Long Term (a bit mixed here)
- ➔ Performance measures
- ➔ Performance matters
- ➔ Ecosystem based management
- ➔ Human activities that incorporate these factors (e.g., NOAA)
- ➔ How stewardship integrates with those most affected (e.g., Climate change) resources, principles

Lessons Learned (Mark McDermid) – start "crosswalk"
1. Backsliding
2. Further analysis of successful programs
3. Statistical information
4. External programs, FSC, VPP

Discussion

➔ Nexus to core programs
➔ "design session" needed
➔ What do we learn from states
1. How future affects states
2. EPA – state – corporate – NGO relationships

➔ Stewardship definition – add specificity
1. Vis-à-vis EPAs role (validation, sponsor, etc)
2. EPAs role

➔ "Spin off" to Performance Track (e.g., What about states?)
➔ EPAs relationship to states

Re: stewardship definition – feed to NACEPT vs. define ourselves
➔ Operational approach to stewardship
➔ Simpler / translatable format
➔ NACEPT report focused on individuals
➔ Energy, water, land use, emissions

EPA role – stewardship and sustainability
➔ Big picture / revolutionary
➔ Reinvention – resource, catalyst, encourager

Unified theme – what's possible across programs
➔ Unified message, goals, etc.
➔ Driving – leadership from EPA
➔ Future looking, and tools for the future

Multiple charges
➔ Short-term - "quick hitters" – for budget planning (December)
➔ Medium-term - August 2010 report (3 charges)
➔ Long-term – nationwide and global leadership

Simple and quick within context of long-term vision

Principles of stewardship – what stewardship is / is not

Scenario planning

Proposals for what EPA should do with operational significance
➔ Motivation, recruitment, behaviors desired, develop strategy

Not overly general
➔ Lessons learned, FSC / Ceres, EPA's role
➔ Core programs
➔ EPA's Databases

Shape and size of recommendations

- ➔ Advice letters
- ➔ Interim recommendations
- ➔ Report?

Refine definition if you can (quickly)

What's the question
What are the gaps
How to gather the data

Interim report
Final report

1. Concrete operationalization of stewardship (clear goals)
2. Document what's been done to date – status report on voluntary programs – what worked, what didn't and why
3. Gap analysis
4. What should we be doing?
   a) Regulation
   b) Market-based
   c) Information-based regulations (TRI) access to information
   d) Voluntary

5 Recommendation Areas

1. Create strategy statement of stewardship – what it does
2. EPA explicitly give 46 programs one voice on stewardship aimed at energy and climate change (gaps to be filled / systems impact approach)
3. Make EPA website usable – energize website as tool for stewardship
4. Increase credibility and utility of EPAs metrics
5. Attributes – EPA as enabler, teacher, resource for non-owned collaborations
6. Explicit role for EPA as teacher / enabler – external of all agencies (e.g., Green Cabinet), symphony → rest of world.

A Good Steward

Conserves the environment
Prevents harm
Creates win-win
Plans long-term
Is innovative
Has cross-cutting, multi-dimensional approach

EPA – arctic – relationship between what it has to do (regulations) and voluntary programs (they have grown separately)

- ➔ Resources of EPA
- ➔ Beyond EPAs reach to identify top performers

➔ Public and voluntary program can be helped by fixing data collection (EPA and 50 states) ➔ Set clear measure for performance, but need to fix data systems.
Disconnect between aspirational view of stewardship if resources equal 1% of budget ➔ Look at the full range of tools and limited range of what can be accomplished ➔ Visionary and pragmatic / manageable ➔ Voluntary programs ➔ Resource re-allocation ➔ Inform budget process

Overview of EPA Partnership Programs

Partnership Program Coordination Team

National Center for Environmental Innovation

Office of Policy, Economics and Innovation

August 2009

1

Briefing Overview

- Context and background on EPA Partnership Programs
- Brief look at efforts to strategically manage EPA Partnership Programs

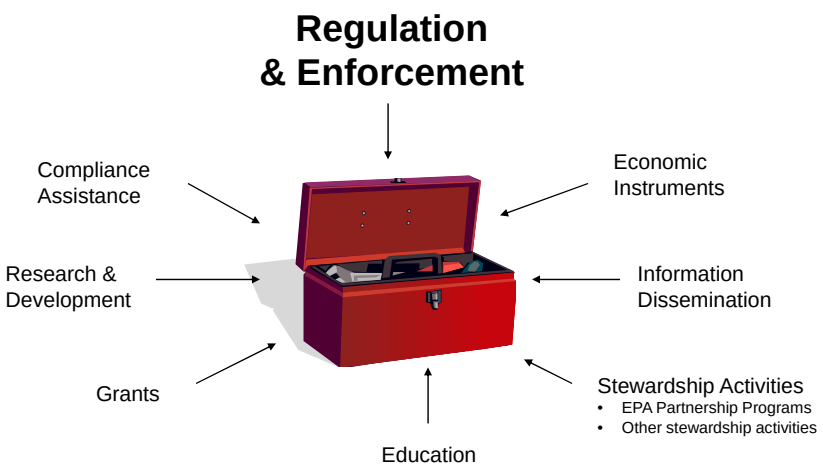
2

How EPA Manages its Partnership Programs

- EPA Program Offices run their respective Partnership Programs.
- OPEI provides a central coordinating function
  - maintains official Program List
  - develops Guidelines
  - provides tech assistance
  - promotes info sharing
- OPEI reports to Deputy Administrator through senior leadership group for this function

3

Agency Policy Toolkit



EPA Partnership Programs – a Subset of Stewardship Activities

- Stewardship Activities such as (stewardship defined as a highly varied set of activities encouraging all parts of society to take responsibility for environmental quality and sustainable results):
  - Regional Initiatives (e.g. Region 1's New England Beach Initiative, Region 8's Washington Performance Partnership Agreement with WA Dept of Ecology)
  - Headquarters Activities
    - Personal GHG Emissions and Conversions Calculators
    - Green Vehicle Guide
    - EPEAT initiative encouraging greener electronics products
- EPA Partnership Programs are a specifically defined set of 46 programs that are:
  - Agency led
  - Proactively target & motivate external parties to take specific environmental action steps
  - Not compelled by law

5

EPA Partnership Programs

ENERGY STAR
CLIMATE LEADERS U.S. Environmental Protection Agency
LANDFILL METHANE OUTREACH PROGRAM
Methane to Markets
COALBED METHANE OUTREACH PROGRAM
EPA GREEN POWER PARTNERSHIP
SmartWay Transport Partner Getting There With Cleaner Air
PLUG-IN TO eCYCLING WITH U.S. EPA
EPA WaterSense
ETV U.S. Environmental Protection Agency Environmental Technology Verification
Federal Electronics Challenge Electronics Stewardship One Byte @ A Time
SunWise a program that radiates good ideas

Relationship to Regulation

- Enhance or complement regulatory programs
  - Clean Diesel Campaign
  - GreenChill
- Address problems that are difficult to regulate
  - Indoor Air Radon Program
  - SunWise Schools

7

EPA Partnership Programs are Highly Diverse

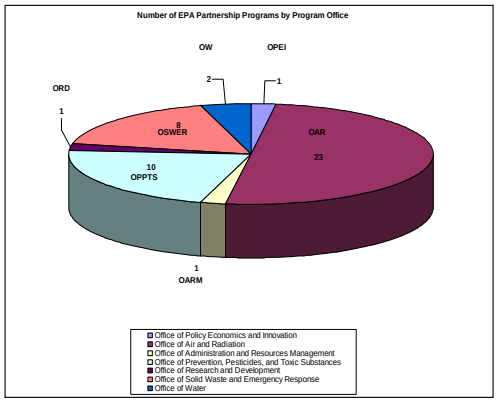
Programs vary greatly regarding:

- Target issue (from Indoor Air Quality to supply chain sustainability)
- Target partners/audience (from Fortune 500 executives to elementary school teachers)
- Program Approaches (establishing voluntary stds, challenging organizations to meet commitments, providing tools, etc.)
- Program longevity (from 2 months to 20 years)
- Resources (from $100K and 1 FTE to $10M and 30 FTE)
- Incentives for participation (from cost savings and brand enhancement to expanded markets and risk reduction)

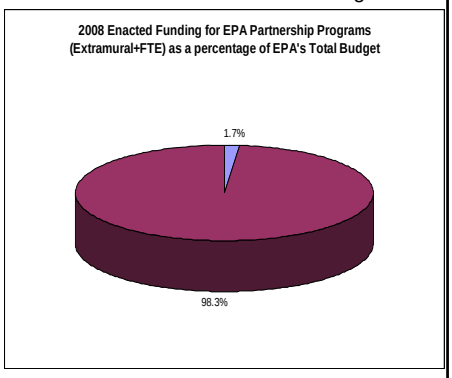
8

Agency Investment in EPA Partnership Programs

46 Partnership Programs - shown by Office*



Extramural Costs are 1.1% of EPA Budget**
Total Costs are 1.7% of EPA Budget



Five largest programs account for 60% of PP spending; Energy Star is largest program
*Based on the list of Partnership Programs as of April 2009
** Total budget, including state grants and other external funding

9

Brief History of EPA Partnership Programs Management

- 1980s – 2003: Individual program offices and regions began using partnership approach to address issues
- 2004 - 2009: Cross-Agency Management Efforts
  - Better coordinate Programs across all Offices through centralized Team
  - Definition and Official List
  - Procedures for new programs to prevent overlaps/conflicts
  - Technical support through training and annual Agency workshop for policy updates, peer to peer problem solving.
  - Guidelines for program design, measurement, marketing and evaluation

10

Outside Studies of Partnership Programs have helped inform our management improvements

- **OMB PART**
  - 23 Partnership Programs were included in OMB PART reviews (usually as part of larger program review)
  - PP scores better than average for EPA
- **EPA Inspector General (OIG)**
  - Several reports, culminating in 2007 report "Voluntary Programs Could Benefit from Internal Policy Controls and a Systematic Management Approach"
- **GAO**
  - Examined Climate Leaders and a DOE climate program

11

Current Developments

- Program bundling (primarily in regions)
  - Region 2's Green Team packaged programs for DestiNY Mall, Syracuse NY > more sustainable construction, operation and maintenance
  - Region 8's Greener Venues Program > improves sustainability of operations at Pepsi Center & other large Colorado venues
- The List of Partnership Programs is somewhat dynamic
  - some programs outsourced, sunset, some new ones created to meet evolving needs, some change in size/scope

12

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Lessons from the Literature on Public Voluntary Programs

August 18, 2009

Presentation to:
The NACEPT Subcommittee on Promoting Environmental Stewardship

Prepared by:
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Outline of Presentation

- Background
- Theory of Public Voluntary Programs (PVPs)
- Design features
- Motivation
- Challenges in studying impacts of PVPs
- Key finding on participation and effectiveness
- Implications of literature for NACEPT subcommittee

Background

- Scope of literature reviewed
  - 9 papers/reports published between 2004 & 2009
  - Primarily reviews of existing academic literature
- Focus on voluntary programs as one way to encourage stewardship in the larger context of environmental protection
- Voluntary programs exist to complement and supplement the traditional command and control regulatory structure

Taxonomies of Voluntary Initiatives

- Unilateral – individual business or trade associations working independently
- Bilateral, or "negotiated agreements" – between specific business(es) and the government
- Public voluntary programs – designed and sponsored by government to recognize companies that go beyond compliance
- Our focus today is on lessons learned from the literature examining and evaluating PVPs

Definition and Logic of Public Voluntary Programs

- PVPs neither impose mandatory limits nor require specific forms of behavior. They establish positive incentives to encourage businesses and other organizations to address environmental issues that are not subject to regulation or to reduce their regulated environmental impacts to well below the levels permitted by law. (Borck and Coglianese)
- In government –industry voluntary agreement, government makes an agreement with a firm or firms for some 'extra-regulatory' change of behavior, and in exchange offers certain benefits. (Webb)
- PVPs typically invite firms to set and achieve environmental goals, and offer modest subsidies to encourage firms to participate, e.g., favorable publicity, technical assistance, opportunities for positive interactions with regulators. An important aspect is diffusion of information about pollution abatement throughout industry. (Lyon and Maxwell)

General Design Features/Strategies of Voluntary Programs

- Three main strategies of PVPs in the US:
  - Goal setting
  - Promote environmental awareness of participating firms and/or encourage environmentally beneficial process changes
  - Publicize the environmental responsibility of program participants or products
- Options to Consider in Scope of PVPs:
  - Single sector or multi-sector focus
  - Challenge-oriented goals or participants make their own goals
  - Rewarding past performance or motivating future performance
  - Program target: industrial processes, final products, information diffusion

Motivations for Agencies

- Common policy objectives for agencies (Brouhle et al.)
  - Environmental effectiveness
  - Economic efficiency
  - Reduction in administrative, monitoring, and enforcement costs
  - Environmental awareness and attitudinal changes
  - Innovation and dynamic effects
- PVPs provide opportunity to test innovative approaches
- PVPs are a way to respond flexibly and collaboratively to problems for which no established legal mechanisms apply

Motivations for Participants

- Theory of Regulatory Threats and Incentives (from Koehler):
  - Pollution abatement requires some form of resource investment, and so a firm must perceive a net gain from participation
  - The most widely proposed mechanism is the threat of regulation or taxation that prompts industry to join a PVP
  - Regulator can increase the appeal of PVP participation by providing sufficient incentives, such as the threat of regulation, financial subsidies, the provision of services, and cost-sharing schemes

Motivations for Participants (continued)

- Business Strategy
  - Market forces can shape environmental behavior; these forces can arise not only from consumers and suppliers, but also from customers, competitors, trade associations, community groups, and investors
  - Participation in a PVP is one way to demonstrate environmental consciousness to these groups
  - PVPs can also help signal reduced production costs via improved environmental management and reduced financial risk through better management of environmental risks and liabilities
  - The desire for social legitimacy also influences management choices and practices

Motivations for Participants (continued)

- Summary of Potential benefits to participating:
  - Technical assistance
  - Information sharing
  - Public recognition
  - Preferred purchasing status
  - Direct financial incentives (i.e. reduced taxes or fees)
  - Partnership with regulatory agencies and other stakeholders (enhanced relationships)
  - Regulatory flexibility

Empirical Research on Voluntary Programs – Challenges

- The available quantitative research is limited to a few studies, mostly using TRI and focused on larger facilities with larger discharges
- Data collection limitations:
  - Necessary data may not be available
  - Data on quantitative environmental indicators may only account for a portion for the impacts of voluntary programs
- Attribution:
  - Self-selection bias with program participants
  - Difficult to establish a legitimate baseline
  - Very difficult to obtain data on comparable non-participants

Key Findings on Participation

- Types of firms that participate (Borck & Coglianese; Koehler; Brouchle et. al.; Lyon & Maxwell):
  - Large firms Firms that are pollute more and/or are subject to a higher degree of regulator or investor scrutiny
  - Firms that are concerned with their public image and/or are subject to community and NGO pressure
  - Firms that have internal support from management or cultures supportive of environmental improvement
  - Firms that are already environmentally aware
- Small and medium enterprises (SMEs) may lack resources and ability to go beyond compliance and therefore have a different set of motivations for joining a voluntary program (Webb)

Key Findings on Effectiveness

- The overall effectiveness of a program is composed of the aggregate effects of individual participants plus any spillover effects (Borck & Coglianese)
- Empirical research has focused on the individual effectiveness and number of participants; it indicates voluntary programs provide little or no improvements in environmental performance (Koehler; Borck & Coglianese; Lyon & Maxwell; Morgenstern & Pizer)
- However, existing research may underestimate indirect or spillover effects of programs, such as information sharing or innovation (Borck & Coglianese; Lyon & Maxwell)

Key Findings on Effectiveness (continued)

- More stringent membership standards and monitoring lead to more effective performance by members, but may reduce size of membership (Potoski and Prakash: Borck & Coglianese)
- PVPs addressing product design or labeling may show better results than programs addressing production processes (Koehler)
- PVPs can be comparatively inexpensive ways to for government, businesses, NGOs and communities to test out new approaches and do so in a non-adversarial manner (Webb; Brouhle et al.)

Implications

- Literature reviews suggest quantitative academic studies of PVPs show limited effectiveness.
  - Results limited by data availability and challenges of study design
- Important to consider results internal evaluations of recent/current programs.

Implications (continued)

- Wide range of approaches to PVPs and their role as a complement to existing environmental protection strategies suggests importance of a strategic approach
  - Single vs. multi-sector
  - Production process focus vs. market/product focus
  - Balance of stringent goals and monitoring with participation
  - Reward past and/or future performance
  - Focus on leaders, laggards, or both
  - Targeting large firms vs. SMEs
  - Enhanced role of information sharing

Literature Reviewed

- Borck and Coglianese, 2009 - Voluntary Environmental Programs: Assessing their Effectiveness
- Brouhle, Griffiths, and Wolverton, 2004 - The Use of Voluntary Approaches for Environmental Policymaking in the U.S.
- EPA's Office of the Inspector General, 2005 - Ongoing Management Improvements and Further Evaluation Vital to EPA Stewardship and Voluntary Program
- Gunningham, 2005: Reconfiguring Environmental Regulation: The Future Public Policy Agenda
- Koehler, 2007 - The effectiveness of voluntary environmental programs – a policy at a crossroads?
- Lyon and Maxwell, 2007 - Environmental public voluntary programs reconsidered
- Morgenstern and Pizer, 2007: How Well Do Voluntary Environmental Programs Really Work?
- Potoski and Prakash, 2009 - Voluntary Programs: A Club Theory Perspective
- Webb, 2007 - Voluntary Environmental Initiatives: The State of Play in 2007, and Recommendations Concerning the Ontario Approach

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NACEPT Subcommittee on Promoting Environmental Stewardship
Lessons Learned Work Group

The Lessons Learned Work Group held two conference calls after the initial NACEPT Subcommittee meeting in June. Based upon guidance from the Work Group calls, four inquiries were initiated and have been summarized in the text below. There are many "lessons learned" and the direction from the Work Group pointed to the need to capture lessons that could influence design. These documents were not finalized, in part due to time limitations, in order have discussions of the full NACEPT Subcommittee drive further development of the lessons or setting new directions for those analyzing past experience.

In short, these are lessons that could help us with the development of recommendations based on formal evaluations available from voluntary programs, literature on performance programs, Performance Track participants and states administering performance programs. The information is decidedly summarized in order to avoid wading through volumes of information which may not relate to the Subcommittee Task developing recommendations. We also stayed away from a matrix of lessons in deference to a narrative that might ultimately be edited or distilled further to meet the needs of Subcommittee i.e. we can reformat this work as the Subcommittee desires and embellish the information as the Subcommittee needs.

Special thanks to Richard Kashmanian, Katherine Dawes and Jennifer Nash for doing the heavy lifting to get the drafts compiled and to Jeff Muffat for setting up the conversations with Performance Track Participants. The States have expressed an interest in staying informed of the Subcommittee conversations and are eager to provide assistance where needed.

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Key Lessons Learned from Evaluations of Several Voluntary Programs [1]

A review was done of several voluntary programs for which evaluation reports have been done. The summary below is not an exhaustive list of the lessons learned. Rather the list is a compilation of those lessons from one or more of the reports that could inform design questions that arise as the NACEPT subcommittee contemplates recommendations. An interesting element of the review is that the programs for which evaluation reports exist also represent a diverse set of approaches/operational models. The information from the reports could also be tapped to create some generic operational approaches to promoting environmental stewardship. While some of the items in the summary below may seem empirically obvious, there were times that actions were not taken or examples where the actions were done so well that the impact on the program was significant.

Summary

1. Set realistic expectations for the program -- consider barriers that will be encountered and how bureaucracies operate; add in time for building trust and understanding between participants.

2. Understand and plan for resource consequences for running a program, both now and over time if the program expands.

3. Gain senior management/decision maker involvement from all participants, including EPA -- if EPA senior management is visible and involved, this should improve the efficiency of the decision-making process, demonstrate support for the program, and more likely deliver follow-through on commitments and achieve significant results.

4. Set program goals and measure annual progress toward the goals; progress can be measured by establishing baselines and measuring and reporting annually thereafter; measuring, tracking, and reporting progress toward these goals will increase accountability for the program and its members; reporting progress toward the goals to the public will increase transparency of the program and its members.

5. Link voluntary programs to Agency's core programs; this linkage should demonstrate the support that a voluntary program can provide to core programs and better ensure that core program staff supports the voluntary program.

6. Acceptance of innovative approaches by an agency may face resistance due to its resource constraints, cultural resistance, and opposition from certain stakeholder groups. EPA's culture may be influenced by its commitment to ensure that statutes and agency regulations are properly and fully implemented and whether it is setting a precedent for similar proposals. An agency's cultural resistance can be manifested by additional levels of review, large number of agency reviewers, and scrutiny of every part of the proposal. Prescriptive regulations tend to reinforce an agency's cultural resistance to innovation.

[1] Based solely on review of reports that focused on specific voluntary programs.

7. Establish procedures to ensure program members continue to meet program criteria. Establish procedures to check that program managers follow-up with program members when a concern needs to be addressed.

8. Benefits from participating in voluntary programs can be multi-dimensional in addition to improved performance – e.g., improved stakeholder relationships, better understanding of interests and concerns, and building trust.

9. Larger companies/facilities may tend to be focused on to join or more likely to join voluntary programs. Alternative or additional strategies may be needed to encourage smaller companies/facilities to join voluntary programs.

Other Observations

1. Evaluations and audits reviewed used qualitative information from stakeholder interviews and case studies to assess strengths and weaknesses in program implementation, as well as difficult to measure and unintended effects of voluntary programs.

2. Evaluations that quantitatively measure "direct and causal attribution" of voluntary programs' impact (e.g., what would have happened absent this program) requires random assignment of potential program participants to either participate in or be excluded from the voluntary program, *or* equally matched comparison groups from which data are analyzed for differences in environmental results. These evaluations are inherently complex and resource intensive to implement. The examples of impact evaluations available are for small and/or narrowly focused voluntary programs.

Evaluation and Audit Documents Reviewed

Best Workplaces for Commuters (http://www.bestworkplaces.org)
Erik Herzog et al., November 2005, "Do Employee Commuter Benefits Reduce Vehicle Emissions and Fuel Consumption? Results of the Fall 2004 Best Workplaces for Commuters Survey"
http://www.bestworkplaces.cutr.usf.edu/pdf/evaluation-survey-findings-2005.pdf

"The purpose of the paper/survey was to determine the difference between the commuting patterns of employees receiving employee commuter benefits such as those offered by BWCs and those who do not and to estimate the resulting saving in trips, vehicle miles of travel, and emissions and fuel consumption."
(Impact evaluation)

Coal Combustion Products Partnership (http://www.epa.gov/epawaste/partnerships/c2p2)
Ian Lange, December 2008, "Evaluating Voluntary Programs with Spillovers: The Case of Coal Combustion Products Partnership"

http://yosemite.epa.gov/ee/epa/eed.nsf/%20ffb05b5f4a2cf40985256d2d00740681/f1a5438303eaa5b08525751b00690389/$FILE/2008-12.pdf

Purpose of paper was to determine if C2P2 partners improved their use of coal combustion products significantly more than non-C2P2 partners.
(Impact/Spillover effect evaluation)

Community Action for a Renewed Environment (http://epa.gov/care)
National Academy of Public Administration, May 2009, Putting Community First: A Promising Approach to Federal Collaboration for Environmental Improvement
http://www.napawash.org/pc_management_studies/CARE/5-21-09_Final_Evaluation_Report.pdf

"The purpose of the evaluation is not only to assess the outcome and results of the CARE program but also to provide real-time feedback and advice to EPA to strengthen the program. The National Academy's focus of the evaluation was on EPA's administration of the CARE program, rather than individual local CARE projects."
(Design and outcome evaluation)

Hospitals for a Healthy Environment (http://www.h2e-online.org)
Eastern Research Group, May 2006, "Evaluation of the EPA Hospitals for a Healthy Environment Program"
http://intranet.epa.gov/evaluate/capacity_building/opptsfinal.pdf

Purpose of paper was to evaluate effectiveness of H2E in reaching its objectives:
• What environmental outcomes can H2E partner hospitals show?
• How satisfied are H2E partners with key elements of the H2E program?
• How can the H2E program be improved in terms of the services it offers?
(Outcome and implementation evaluation)

Indoor Air Quality Tools for Schools (http://www.epa.gov/iaq/schools)
Industrial Economics, Inc., May 2007, "EPA Indoor Air Quality (IAQ) Tools for Schools (TfS) Evaluation"
http://intranet.epa.gov/evaluate/pdfs/IAQ%20TfS%20FINAL%20REPORT.pdf

"The purpose of this evaluation is to assess the effectiveness of EPA's IAQ TfS program guidance and related efforts, specifically to gain a better understanding of the health and environmental outcomes that can be realized from implementing IAQ management plans, as well as strategies and practices that are effective for addressing IAQ challenges."
(Design and outcome evaluation)

OSHA VPP (http://www.osha.gov/dcsp/vpp)
GAO, March 2004, Workplace Safety and Health: OSHA's Voluntary Compliance Strategies Show Promising Results, but Should Be Fully Evaluated before They Are Expanded, GAO-04-378 http://www.gao.gov/new.items/d04378.pdf

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OSHA has increasingly supplemented its enforcement program with voluntary compliance strategies. This report is GAO's assessment of OSHA's four voluntary compliance programs – State Consultation Program (est. 1975); Voluntary Protection Programs (est. 1982); Strategic Partnership Program (est.1998); and Alliance Program. Additional compliance assistance activities include education and outreach.
(Performance audit – implementation and outcome)

GAO, May 2009, OSHA's Voluntary Protection Programs: Improved Oversight and Controls Would Better Ensure Program Quality, GAO-09-395
http://www.gao.gov/new.items/d09395.pdf

GAO reviewed VPP to "identif [y] the number and characteristics of employer worksites in the VPP and factors that have influenced program growth, (2) determine[e] the extent to which OSHA ensures that only qualified worksites participate in the VPP, and (3) assess the adequacy of OSHA's efforts to monitor performance and evaluate the effectiveness of the VPP."
(Performance audit – implementation and outcome)

33/50 (http://www.epa.gov/oppt/3350/)
EPA, March 1999, 33/50 Program: The Final Record, EPA-745-R-99-004
http://www.epa.gov/opptintr/3350/3350-fnl.pdf

"The 33/50 Program targeted 17 priority chemicals (Box 1) and set as its goal a 33% reduction in releases and transfers of these chemicals by 1992 and a 50% reduction by 1995, measured against a 1988 baseline." The focus of this report was on what the program participants achieved through review of TRI data.
(Outcome evaluation)

Common Sense Initiative
Kerr, et al., July 1999, Analysis and Evaluation of the EPA Common Sense Initiative
http://www.epa.gov/ispd/pdf/pubs_finalcsi.pdf

"The purpose of this study is to provide an independent review of the four-year CSI effort. It considers both the extent to which CSI succeeded in meeting its goals of progress toward a "cleaner, cheaper, and smarter" system of national environmental management, and what was gained from the sector based, multi-stakeholder and consensus aspects of the Initiative.
(Outcome and implementation evaluation)

GAO, July 1997, Regulatory Reinvention: EPA's Common Sense Initiative Needs an Improved Operating Framework and Progress Measures, GAO/RCED-97-164
http://www.gao.gov/archive/1997/rc97164.pdf

GAO was asked to assess "EPA's progress in achieving the goal the agency set for the Initiative, and the methods EPA uses to measure the progress of the Initiative toward its goal."
(Performance audit – design and implementation)

Oregon's Green Permits Program
(http://www.deq.state.or.us/programs/sustainability/GreenPermits/greenpermits.htm)
Kerr et al., June 2002, The Statue of Innovative Permitting to Encourage Beyond-Compliance Environmental Performance: An Evaluation of Oregon's Green Permits Program
http://www.deq.state.or.us/programs/sustainability/GreenPermits/Resources/GPEvaluationFinal.pdf

Oregon "legislation called for the implementation of a program that would "result in the use of innovative environmental approaches … to achieve environmental results that are significantly better than otherwise required by law." The legislation allows DEQ to provide or seek regulatory waivers where this would promote superior environmental performance by
Green Permit facilities." "This evaluation provides a summary of the Green Permits program that will contribute to answering the range of questions most relevant for deciding the next steps for the program."
(Design and implementation evaluation)

Project XL (http://www.epa.gov/projctxl)
GAO, January 2002, Environmental Protection: Overcoming Obstacles to Innovative State Regulatory Programs, GAO-02-268
http://www.gao.gov/new.items/d02268.pdf

"[T]his report identifies (1) the major avenues that states have utilized to obtain EPA's approval of innovative approaches to environmental protection and (2) the major obstacles that impede states from pursuing innovative approaches needing EPA's concurrence. The report also discusses EPA's recent efforts to facilitate innovative approaches to environmental protection.
(Performance audit – implementation)

GAO, July 1997, Environmental Protection: Challenges Facing EPA's Efforts to Reinvent Environmental Regulation, GAO/RCED-97-155
http://www.gao.gov/archive/1997/rc97155.pdf

"To better understand EPA's initiatives and strategy to implement them, several congressional committees asked that we provide a broad overview of EPA's reinvention efforts, focusing on (1) what the initiatives are and how the agency is structured to carry them out and (2) what key issues need to be addressed for these initiatives to have their intended effect."
(Performance audit – implementation)

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LESSONS FROM THE PAST:
What the literature says about the characteristics of facilities that join government stewardship initiatives

1. An important distinguishing feature of government stewardship initiatives is their voluntary nature. Private entities are not required to participate – they volunteer to do so (Borck & Coglianese 2009). Those who participate perceive that benefits outweigh costs. If they did not hold that view, they would not participate since nothing compels them to do so. These statements are obvious, yet their implication is often overlooked. The value of voluntary programs cannot be assessed simply by probing the views of participants. The voluntary nature of these programs means that participants will tend from the outset to have more favorable views of these programs and their value in environmental protection.

2. Firms that participate in government- and private-sector stewardship initiatives (e.g. Green Lights, WasteWise, Responsible Care, ISO 14001) tend, on average, to be larger, more polluting than non-participants, subject to more regulation, be more image and brand-conscious, and engage in more than one stewardship initiative (Koehler 2007).

3. EPA has used words like "excellent" and "leader" to describe those who participate in government stewardship initiatives. Those words suggest that participants exhibit environmental performance that is superior to those who have not joined. In the case of Performance Track, EPA collected information about applicants' regulatory compliance, environmental management practices, environmental commitments in specified areas, and community engagement. It did not collect comparable information from facilities that did not apply. As a result, EPA had no way to compare participants' management practices to others' (Yu & Coglianese 2006). Claims about members' excellence and leadership had little basis.

4. Entry requirements EPA has established for its stewardship programs typically address facilities' *management practices*. Management practices do not, on their own, equate with excellence or leadership in actual environmental performance (Coglianese & Nash 2006).

5. Firms that would qualify for membership in a government stewardship program nevertheless still do not apply (Coglianese & Nash 2009). One feature that distinguished facilities that participated in Performance Track from those that did not is the extent to which they value external recognition (Howard-Grenville et al. 2008). We do not know whether participants exhibited superior environmental performance compared to their peers; we do know they placed a higher value on engaging with government and other external constituencies.

What the literature says about the effectiveness of voluntary programs

1. Voluntary programs that target production processes appear to have little impact on pollution reduction (Borck & Coglianese 2009; Koehler 2007; Lyon & Maxwell 2007; Morganstern &

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Pizer 2007). Evidence is lacking that these initiatives lead to improvements beyond what would have happened in their absence.[2]

2. Voluntary programs are thought by some to offer some possibility of environmental improvement in situations where passing environmental legislation is impossible. When passing strong environmental laws is a possibility, however, offering a voluntary program might undercut momentum for more effective policies (Lyon & Maxwell 2007).

3. Measuring the effectiveness of voluntary programs presents particular challenges, in part because these programs are thought to have "spillover effects" on the behavior of non-participants, but the more important limitation is selection bias (Borck & Coglianese 2009).

4. Increasing the stringency of requirements for participation and ongoing membership does not appear to improve environmental results. It does tend to detract from joining (Borck & Coglianese 2009, Coglianese & Nash 2009, Koehler 2007).

5. According to Koehler (2007), one reason why stewardship initiatives are not more effective is that reducing the environmental impact of production processes often requires an investment, but these initiatives do not provide an incentive significant enough to motivate facility decision-makers to make that investment. Stewardship initiatives that target activities where facilities can achieve economic gains appear to hold some promise. Examples include Green Lights, green building programs, private land trusts, and Best Workplaces for Commuters, among others. Initiatives that target product design may be particularly promising (Koehler 2007).

6. According to Lyon and Maxwell (2007), voluntary programs' primary contributions may be to share information from leading firms in an industry to firms that lack knowledge about cost-effective ways to improve environmental performance.

REFERENCES

Borck, Jonathan, and Cary Coglianese. 2009. "Voluntary Environmental Programs: Assessing Their Effectiveness," *Annual Review of Environment and Resources*, 14.1-14.20.

Coglianese, Cary, and Jennifer Nash. 2006. *Leveraging the Private Sector: Management-Based Strategies for Improving Environmental Performance.* Washington, DC: Resources for the Future Press.

Coglianese, Cary, and Jennifer Nash. 2009. Government Clubs: Theory and Evidence from Voluntary Environmental Programs. In *Voluntary Programs: A Club Theory Approach*, ed. Matthew Potoski and Aseem Prakash, 231-57. Cambridge, MA: MIT Press.

[2] Borck and Coglianese (2009) conclude that "the most systematic empirical studies suggest that, at best, VEPs can sometimes achieve relatively modest improvements in environmental quality" (p. 14.2). Similarly, Koehler (2007) characterizes the results of voluntary programs as "minimal, hardly distinguishable from business as usual, and probably low-hanging fruit" (p. 710), and Morganstern and Pizer (2007) write that "none of the case study authors found truly convincing evidence of dramatic environmental improvements. Therefore, we find it hard to argue for voluntary programs where there is a clear desire for major changes in behavior" (p. 184).

Howard-Grenville, Jennifer A., Jennifer Nash, and Cary Coglianese. 2008. Constructing the License to Operate: Internal Factors and Their Influence on Corporate Environmental Decisions. *Law & Policy* 30: 73-107.

Koehler, Dinah A. "The Effectiveness of Voluntary Environmental Programs – A Policy at a Crossroads?" *The Policy Studies Journal*, 35 (4): 689-722.

Lyon, Thomas P. and John W. Maxwell. 2007. "Environmental Public Voluntary Programs Reconsidered." *The Policy Studies Journal*, 35 (4): 723-750;

Morgenstern, Richard D. and William A. Pizer, eds., 2007. *Reality Check: The Nature and Performance of Voluntary Environmental Programs in the United States, Europe and Japan*. Washington, DC: RFF Press.

Yu, Fei and Cary Coglainese. 2006. "Recognizing and Encouraging Environmental Leaders: An Assessment of Performance Track's Selection Process. In *Beyond Compliance: Business Decision Making and the US EPA's Performance Track Program*, ed. Coglianese, Cary, and Jennifer Nash. 2006. Regulatory Policy Program Report RPP-10.

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Key Lessons Learned from Discussions with Selected Performance Track Participants

Several participants in performance track were approached do discuss lessons that had been learned that could contribute to design considerations as the work of the NACEPT subcommittee moves forward. This was intended as work supplementary to the work now underway by Rand and is not intended to supersede anything in that report.

Summary

- Good organizational learning did take place and, while at times frustrating, provided an acceptable operational design that worked.
- Incentives while largely unused did represent an indication along with other elements of the program to add value and value is a real catalyst to organizations making the decision to participate and to remain engaged.
- Program results support the notion that government does have a role in stewardship
  - As convener
  - As broker of directions and expectations
  - As framer/analyst/contributor on metrics
  - Compliance baseline
  - Fair consideration of and tools to assess and manage a full environmental footprint
  - Keep states and companies from becoming brokers/bundlers between programs
  - Consider and/or balance issues that may have greater importance at a regional or local level.
- On ramps and relationships with other programs needs to be worked out because there are many messages along with some difficulties in finding the place to start and knowing what the end game might be.
- Organizations that step up need to at least feel different and need to have that difference reinforced (such as through recognition) and supported (such as coming together and facilitated as a part of a network of like minded participants)
- Strategy/program lacked to tools to reach critical mass/tipping point (also left with impression of beyond reach of small and mid sized)
- Program lacked the scale and level of engagement to get at the big issues such as using existing tools and resources to address .1% of a problem rather than asking the question about using resources to address the 99% of a problem that remains unaddressed or pursuing a constituent in microns in one media while another media permits pounds.
- Even within companies, attribution metrics are going to be extremely difficult to accumulate e.g. if the presence of a program commitment was the tipping point to allow a project to move forward but economics fell within the corporate criteria for pay back, there is little was to say with certainty or precision how attribution would be tabulated and would not be a big consideration for the participant.

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- Metrics and measurement are going to be inherently limited given the lack of both infrastructure (e.g. no wide dispersion of water meters and power meters) and limitations in data sharing (e.g. problems with existing data bases, absence of data bases, relative difficulty in getting comparative, normalized data)
- Penetration within programs was slow and in some cases marginal but not because of a lack of effort
- Marketing and branding need to be more precise given the limitation of resources and diversity of those engaged.

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Key Lessons Learned from Conversations with States Running Performance- Based Programs

Sixteen states participated in a general call to talk about expectations, lessons learned and motivations surrounding performance programs at the state and federal level. The purpose of the call was to solicit input (not to develop consensus) from states on three points that could be of value in the development of NACEPT Subcommittee recommendations.

Summary

Expectations based on programs' experience and need

Performance Program Support

- Some way for EPA to facilitate the work that many states are doing to encourage beyond compliance behavior
- Some resources to provide support as only EPA can to draw states together and to engage in discussions about state federal relationships as they relate to beyond compliance activity
- Provide a framework/resources for success stories, technology transfer and general networking on performance based approaches

Culture

- Regulatory programs will not impede progress towards stewardship and sustainability
- Recommendations will work across program lines and will address multimedia needs/solutions.
- Leadership support for EPA to manage performance beyond regulated realms
- Actions will be taken to make changes necessary to affect operational inertia if new directions are selected

Program Development

- Provide a solid foundation in and support for pollution prevention as a key strategic element
- Set in place a program that has longevity, is cognizant of both short and long tem impacts in the regulated community and takes responsibility for those impacts
- Carefully consider whether this is something that the states should undertake on the program experimentation, program implementation and legislative development fronts
- Carefully consider whether a semi-private model based on a consensus based standard setting (e.g. ISO or ANSI standards) approach will work yielding not only a credible program structure but also a vibrant third party auditing/verification component
- Carefully consider whether there is an opportunity for a federal umbrella program or a new model which would provide for a supported confederation of state programs.

Towards Sustainability

- Better focus for sustainability work which is quite amorphous right now
- Clarity that we are all working towards sustainability
- Consider how the program itself is sustainable
- Get beyond command and control to more materials in a more progressive, life-cycle sensitive fashion that is coordinated between programs

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- Set the stage for common dialogue on sustainability to narrow the gap of sustainability meaning different things to different people

Lessons Learned

- Performance undervalued in a culture that adheres principally to form
- Performance needs to be valued in a way that is stated up front, respected at the time of evaluation and departs from the bright line approach of traditional command and control programming that generally has not recognized the impact of results achieved
- For the first time looked at some hierarchy of how regulations are applied and considered how regulations might be applied differently for high performers
- States have experienced good growth, development and learning opportunities by receiving advice from balanced panels of externals on design, implementation and correction of programs
- State programs have developed and implemented several models for capacity development (on ramp) for organizations creating systematic approaches to managing their environmental footprint with delivery of differentiation proportional to performance

Motivations

- networking opportunities
- tool to convince accounting staff and upper management to undertake projects
- Performance programs helped to demonstrate that environment should be in the business plan.
- Programs helped to protect corporate environmental resources and transparency initiatives
- Recognition that the facility was a top performer
- Awards ceremonies important to corporate/facility leadership.
- Recognition by the governor highly valued

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NACEPT Subcommittee on Promoting Environmental Stewardship
Motivation/Behavior Work Group
DRAFT Matrix

Charge:
What types of broad, organization-wide principles, practices, and behaviors do organizations that exemplify environmental stewardship display? What forms does such stewardship take and what kinds of strategies are being used? How are the practices, understanding and attitudes about stewardship by What motivates an organization to be an environmental steward? In particular, what motivates broad, multi-attribute stewardship initiatives? To what extent can EPA and the states influence these factors?

Target Groups	Core Values and Motivation to be an Environmental Steward[1]	Practices & Behaviors Exemplifying Environmental Stewardship[2]	Government's Ability and Means to Control and Influence[3]	Responsible
Government:				
Federal				Bingham
EPA employees				Burnes
State/County				Bingham
Tribal				Bingham
Large City (>100,000)				Fiffick
Small to Medium City (25000 - 100,000)				Fiffick
Small Town, Urban (<25,000)				Fiffick
Small Town, Rural (<25,000)				Fiffick
Businesses:				
Manufacturing				Struhs, Prakash
Utilities				Sanders
Commercial/Retail				Sanders
Recreational				Carpenter
Small Business (<100 employees)				Carpenter
Agricultural Community (Dairy, Livestock, Crops, etc.)				Burnes
Ethnic Groups:				
White				Teplitzky
Black/ African American				Teplitzky
Indigenous People				Fiffick
Hispanic/Latinos				Long

Asian				Teplitzky
Environmental Activist & Environmental Justice				Long
Other NGOs (Labor, etc.)				Teplitzky, Long
Societies (Public Health, scienfic, professional, etc.)				Fiffick
Academia				Prakash
Faith Based				Burnes
Media/Entertainment				Sanders

[1] Legal, moral, and ethical standards or ideals; or an impulse, emotion, desire or psychological need that influences or determines a person's/organization's actions, conduct, or behavior. Ex: respect for the earth, "me first" attitude, orientation to the present or future

[2] The customary or habitual actions or reactions of a person or an organization that promotes and demonstrates environmental stewardship. Ex: Collaboration, searching for "win-win" outcomes

[3] The statutory authority as well as resources, expertise, knowledge, and agenda setting abilities of regulators to influence environmental behaviors of individuals and organizations Ex: development of regulations that restrict flexibility or eliminate opportunity for implementation of more cost effective options; use of the Better Business Bureau, Chambers of Commerce, community based organizations to disseminate information.

Motivations for stewardship via voluntary programs

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Environmental Governance

- Command and control
- Market instruments
- Information disclosures
- Voluntary programs
- Government-business partnerships or compacts
- Judicial system

Voluntary programs

- Rule systems to encourage "beyond compliance" behaviors
- Collective endeavors
- 2 design characteristics:
  - Stringency and types of obligations they impose,
  - how do they ensure that participants don't shirk
- Some good ones; some greenwashes, lots of mediocre ones
- Work in the shadow of public law

Core issues

- Emergence
- Diffusion and adoption
- Efficacy (environmental and regulatory performance)

Motivations to join a program

- Environmental protection is a public good that everybody can enjoy
- Firms are motivated to bear the costs of joining a voluntary program if they can get some benefits in return
- Importantly, the benefits should be non-excludable to prevent free riding

Can voluntary programs help?

- Voluntary program membership can provide excludable benefits
- It differentiates members from non-members, and signals participants' willingness to become environmental stewards
- The clarity of such signaling can be strengthened if there is a certification/recognition system
- Benefits: goodwill, reputation, regulatory relief, resources, information, market access, etc.

Studying motivations

- What factors shape firms' perceptions of such excludable benefits emanating from program membership?
- Two categories:

- Firm-level
- External to firm

Firm-level

- Pollution intensity
- Regulatory scrutiny
- Capacity (R&D, Sales)
- Advertising budget
- Prior stewardship initiatives
- Organizational clout of environmental managers

External factors

- Industry (trade associations)
- Regulators
- Activist groups
- Supply chain pressures

Key lessons

- Firms cannot satisfy every constituency
- They respond to actors which have the greatest ability to reward and punish them
- If we want firms to become environmental stewards (as opposed to "you-name-it" steward), we need to create appropriate incentive systems

Towards stewardship

We need to:

- identify pressure points or motivation nodes
- provide avenues for firms to demonstrate their stewardship
- in some cases, even provide firms with resources and information to do so

Caution

- Public law should remain the mainstay for environmental governance; stewardship initiatives should not undermine or dilute it
- Yet, there needs to be space for policy innovation
- EPA also needs to assume the role of a teacher and enabler of stewardship both within and outside the US; conscious policy of engaging with regulators abroad is necessary

NACEPT Subcommittee on Promoting Environmental Stewardship
Core Programs Work Group
Report on Status and Discussion

Participants: Nancy Girard, David Paylor, Gary Hunt, Jeff Muffat and Eric Schaeffer

Framing the Issue:
The work group began by attempting to frame the issue and set the context. Bob Sussman had identified the concern: How do you incorporate voluntary/ partnership programs into the core media programs at EPA?

The work group added the caveat that any partnership program should be designed to go beyond core program regulations and improve environmental performance; in other words address an environmental issues that statutes and regulations can not and have not tackled.

Other decision points included:

- Look at core programs to identify potential funding and opportunity for a partnership program.
- Identify EPA environmental priorities on which efforts should be concentrated.
- Use public input and bully pulpit capacity of EPA to augment a partnership program and pursue a more desired environmental result.
- Identify the constraints and motivations for industry to respond to partnership programs as well as the red flags that would make a company back away; lack of consistent treatment, disproportionate enforcement verses violation or use of innovative approach, rigidity in technological approach without considering whether an optional approach achieves the same or better result with a different technological fix.

The work group reviewed several programs and studies on non-regulatory programs. These included the EPA's 2002 report on environmental protection innovation strategy and the New Directions Group study on the Criteria and Principles for the Use of Voluntary or Non-regulatory Programs. In addition, individual members reviewed the LEED program for performance and leadership, the 33/50 program, the ISO 90001 framework and Wal-Mart's sustainable labeling for environmental performance. Lastly, many industries are using the Toyota model of rapid, continuous improvement and in particular, one report from Allsteel spoke of the BIFMA (Business and Institutional Furniture Manufacturers Association) e3 Sustainability Standard (http://levelcertified.org/wp-content/uploads/2009/06/2009-02- 0%20SASe3.pdf.

In progress, the work-group was advised on several additional models and programs to review on small business and transportation and related ozone reduction measures. We are still waiting to see links for the reports.

These reports and studies are on or will be on the Science Connector for the subcommittee members' review.

Additional Variables and Points from the Work Group members:

- EPA staff in core programs not sufficiently educated about innovation.
- Create innovation options directly in the core programs through rules and agency process – address the disconnects within EPA.

DRAFT

- Create more consistency of approach within EPA
- Shouldn't have to set up a separate program to have access to flexibility. EPA lacks advocates for flexibility **within** core programs.
- Many of the flexibility options should be available to everyone.
- Need fixes inside the core programs
- EPA has an inherent bias against innovation for fear the environmental result will be less.

Motivators for business:

- Faster permitting
- Integrate innovative technology
- Give business the opportunity to develop solutions
- Reduce transactions costs.

Suggestions to date:

1. Consider some form of Ombudsman program that can work across various media programs and advocate for the regulated community.
2. Integrate the public into voluntary programs to add strength and voice to efforts to motivate and instill stewardship into companies and their facilities.
3. Look at benchmarking and information sharing to encourage better performance. How to entice companies to share and yet not divulge proprietary information.
4. Regulatory flexibility raises a red flag and should be ignore completely.
5. Voluntary programs are wishy-washy and non-regulatory programs sounds better. The work group has no problem with the term "innovation".

Future work:

Continue examination of models and programs to inform the work group of variables and characteristics that would be desirable in a non-regulatory program and would promote its successful implementation.

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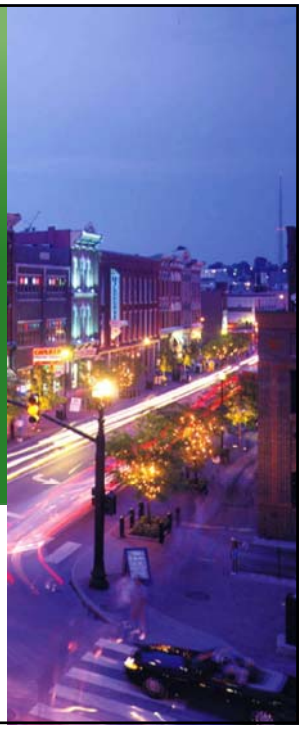
GRESHAM SMITH AND PARTNERS

City of Dallas…Stewardship Case Study



Laura Fiffick
Gresham, Smith and Partners

August 18, 2009

Property of Gresham, Smith and Partners

City of Dallas Profile

- 9th Largest US City
- 13,000 Employees
- 55 "Industrial" Facilities
  - 2 Waste Water Treatment Plants
  - 3 Water Treatment Plants
  - Landfill and Transfer Stations
  - Airports
  - Zoo
  - 6 Major Service Centers
- Over 100 Regulated Entity Numbers with TCEQ

Environmental History

- Mid 1990's – "Stewardship" Programs Begin with First CNG Vehicle Purchase
  - Successfully Fleet and Fuel Purchasing Programs
  - Energy Conservation Goals Met Each Year
  - Green Purchasing Policy but No Results
  - Limited Internal Recycling
- November 2003 - Fox 4 News Highlighting City Environmental Practices
  - Highlight of Compliance Practices at the City's Service Center Facilities and Unattended Spill into Trinity River for Four Days
- February 2004 – EPA Issues 36 Page Notice of Enforcement Resulting in $2 Million Penalty

Why?

- Management Focus
  - Accountability for Certain Stewardship Programs…None for Environmental Compliance
    - Stewardship Driven by City Manager's Conference Attendance
  - Results Reporting Limited to Water and Energy Conservation
  - No City wide Policies or Procedures
- Lack of Collaboration
  - No Communication with EPA/TCEQ
  - No Inter-Departmental Communication
  - No Communication with other Entities
- Perceived Difficulty/Lack of Time
  - No Dedicated Resources
  - Limited Training Opportunities

Identified Priorities

- Stewardship and Compliance Programs "Meet in the Middle" and Continually Improve in the Future
- Demonstrated and Systematic Management Commitment
- Organize, Assess, and Report on Environmental Initiatives Across City Departments
- Collaborate with EPA, TCEQ, other Cities, Dallas Residents, and the Private Sector
- Identify and Provide Resources to Staff including Training Opportunities
- Public Education and Outreach
- Recognition

5

Implement EMS Across 450 Facilities

6

Key Components

- Management Support
  - Increased Environmental Topics on Council Agenda
  - City Wide Policies and Procedures
  - City Manager's Office Environmental Review Every Six Months
  - Monthly Report Card to Department Directors and City Manager's Office/Year End Letter Grade
  - Environmental Metrics Review
- Environmental was Included in EVERY Performance Plan for City Employees
  - The More Environmental Responsibilities, the Larger the Focus
  - Environmental Compliance Committee Review

7

Key Components

- Environmental Reps in Every Department
  - Monthly Meetings
  - Identified City Environmental Impacts Through Discussions at the "Shop Floor" Level
  - Set Environmental Goals at Three Levels: City Wide, Multi-Departmental; and Departmental
  - Reporting Requirements on Results Every Quarter
- Partnership with EPA Staff and State Enforcement Staff
- City wide Training Opportunities
  - Brown Bags
  - Emails/Newsletters
  - Intranet and Internet Sites Dedicated to Environmental
- Quarterly Employee Recognition Programs
- Mayor's Environmental Award

Results

- Reduced Number of Spills
  - June 2005 = 49 spills ($68,543)
  - June 2007 = 23 spills ($19,411)
- Renewable Energy - 40%
- Consistently Meets 5% Energy Conservation Goal Each Year
- 41% of the Fleet is CNG or Hybrid
- 15 LEED City Buildings with New Green Building Ordinance
- Shift to Once a Week Trash/Once a Week Recycle for Dallas Residents
- Use of Vegetable Waste from Farmers Market as Compost for Parks and Recreation
- Developed State Wide Network of City Environmental Professionals
- Green Cement Program Adopted by Many Municipalities in the Region

9

Collaboration Example

Former EPA Administrator posed the question "How Can Dallas be More Sustainable"?

Answer "$$$ and Technical Resources"

- Began Discussion with EPA Office of Air and Radiation on Pilot Program to Provide Seed Funding with Access to EPA Technical Resources
  - Partnered with Local Council of Governments
  - $250,000 Committed by EPA
- Sustainable Skylines Memorandum of Agreement was signed in May 2006

Sustainable Skylines - Dallas

Collaboration Example

- Turned $250,000 Into $4.4 Million in Less Than Three Years
  - Public/Private Partnerships
- Projects chosen aimed to improve air quality through reduced emissions
  - Green Buildings Project
  - Greenhouse Gas Strategy
  - Green Taxis
  - Off-Road Equipment Replacements and Retrofits
  - Renewable Energy/Energy Efficiency Outreach
  - Urban Heat Island
- Other Examples
  - Donation of CFLs to Fire Department
  - Community Garden Program with Donation by Keep America Beautiful

What Worked

- EPA Enforcement Action Led to Management Focus
- However, Access to EPA Technical Staff and Voluntary Programs Led to Successful Stewardship Initiatives
  - Who Do You Call?
  - What Do You Care About?
  - And the Occasional “Motivational” Speakers
- EPA Performance Track Staff and Website with Example Programs and Metrics
- EPA Recognition Programs with City Mayor and Staff
- Notification of EPA Grant and Recognition Programs
- EPA Knowledge of Private Sector Partners and Initiatives

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GEMI:
Providing Business Value to its Members

U.S. EPA NACEPT Subcommittee
on
Promoting Environmental Stewardship
August 19, 2009

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GEMI Values

Vision:

"To be globally recognized as a leader in providing strategies for businesses to achieve EHS excellence, economic success, and corporate citizenship."

Mission:

"Business helping business improve EHS performance, shareholder value, and corporate citizenship."

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Current Members

3M
Abbott — A Promise for Life
Anheuser Busch Companies
biogen idec
Bristol-Myers Squibb Company
BNSF Railway
Cadbury
Carnival Corporation & PLC
ConAgra Foods
Duke Energy
DuPont
Ecolab
FedEx Express
JohnsonDiversey — Clean is just the beginning
Johnson Controls
Johnson & Johnson
Kodak
Kraft
Merck
Occidental (OXY)
P&G
Perdue
Roche
Schering-Plough
Scotts
Smithfield
Southern Company — Energy to Serve Your World
Wyeth

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What Does GEMI Do?

- Help senior-level EHS practitioners become more globally effective & relevant in their business by focusing on:
  - Achieving & maintaining EHS excellence
  - Integrating EHS with broader corporate agendas
  - Driving business value (i.e., the value EHS brings to the 'business of the business')
- Provide programs to help members learn from one another & from EHS/CSR thought leaders across diverse business sectors
  - Formats include: meetings, focused dialogues, networking, Webinars, benchmarking, tools, reports & other work products

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Governance

- **Senior Advisory Council**
  - Comprised of member companies' Vice Presidents (or most senior EHS representative); meet annually
  - Sets vision and assists in developing future project topics & activities
- **Board of Directors**
  - Comprised of member company employees; elected annually
  - Develop strategic plan, provide fiduciary responsibility & assist with daily operations of the organization
- **Chairpersons**
  - **Work Groups**: develop focused tools (from concept to finished product) with designated resources
  - **Networks:** conduct ongoing discussions on member-driven topics; may serve as prelude or postscript to a Work Group
  - **Committees**: work on procedural, administrative or strategic issues as directed by the Board

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Value of GEMI

- **Fills a Unique Niche**
  - Develops useful business tools to respond effectively to current & emerging issues
  - Provides multi-sector approach for common, strategic business issues
  - Promotes sharing of 'best practices' across diverse industry sectors
  - Focuses on effective process self-assessment tools *(Note: does **NOT** promote a "one-size-fits-all" approach to managing EHS & CSR issues)*
- **Leveraged Resources**
  - Value of any single tool or benchmark survey is greater than annual membership dues
  - Invaluable intellectual capital of participants is shared *(Note: antitrust guidelines to keep discussions focused appropriately)*

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Value of GEMI (cont'd)

- **Recognition & Exposure**
  - Globally recognized as a credible association of leading companies & EHS/CSR practitioners
  - Member company case examples highlighted in all publications
  - Opportunity to engage with respected national & international organizations to improve the environment *(provides a 'safe space' for engagement)*
- **Member-Driven Activities**
  - GEMI activities (tools, meetings, etc.) are determined by members
  - Provides tangible, actionable ideas and tools that can be implemented within your company
  - Opportunity for individual leadership development exists

How to Contact Us

2009 Board of Directors

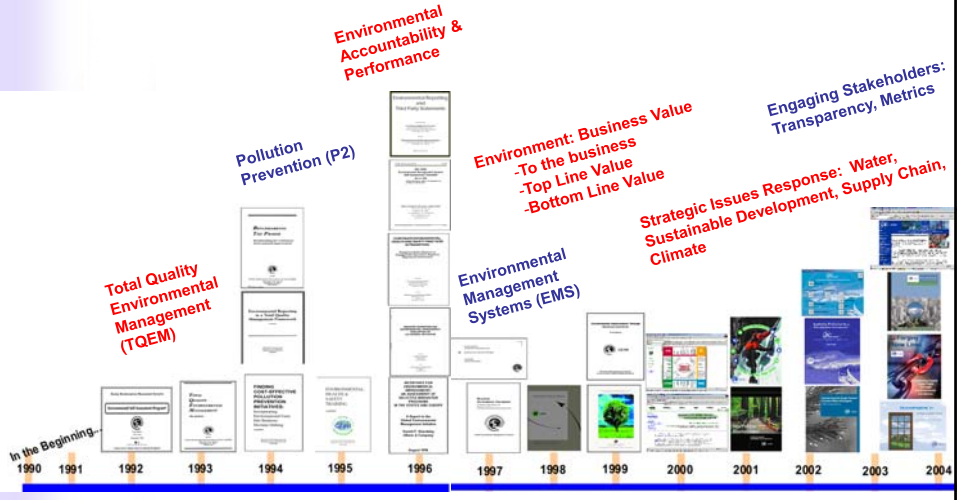
Chair: Moe Bechard, JohnsonDiversey
Vice-Chair: Keith Miller, 3M
Finance Chair: Steve Schwalb, Perdue Incorporated
Membership Chair: Lindell Sneed, Abbott
Benchmarking/Next Initiatives Chair: Gregg Belardo, Wyeth
Tools Work Group Chair: Leslie Montgomery, Southern Company

Communications & Marketing Chair: Angie Grooms, Duke Energy
Senior Advisory Council (SAC) Chair: Bill Lechner, Scotts Miracle-Gro Co.

GEMI Management

Executive Director: Steven Hellem
Director: Amy Goldman
Phone: 202-296-7449
Email: info@gemi.org
Web site: www.gemi.org

GEMI® A Legacy of Value-Driven, Integrated Tools



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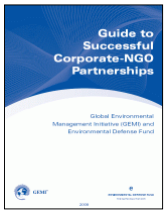
GEMI® Recent Tools

www.gemi.org/waterplanner

www.gemi.org/metricsnavigator

www.gemi.org/sd



GEMI-EDF Guide

"Map of Future Forces Affecting Sustainability"

10 www.gemi.org/hsewebdepot www.gemi.org/businessandclimate 2009

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Signature Issues

- **Water Sustainability**
  - Facilitate process for developing corporate and localized water use strategies, including sharing best practices and experiences
- **Global Climate & Energy**
  - Providing tips and tools to help integrate climate & energy issues into EHS/CSR efforts worldwide
- **Supply Chain**
  - Focus on implementing targeted EHS-related changes across the value chain that reinforce brand equities upon which the brand has been established
- **Emerging Issues**
  - Share ideas, tools and techniques for anticipating, identifying, understanding & managing emerging issues

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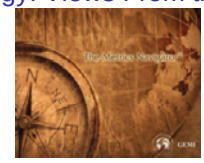
Collaborations with Stakeholders

- 2004: GEMI launches new tool --
  Transparency: A Path to Public Trust

- 2006: GEMI and BSR conduct first-ever joint member benchmark survey, "Sustainable Business & Strategy: Views From the Inside"
- 2007: GEM launches new tool --
  Metrics Navigator



- 2008: GEMI launches new tool with EDF --
  Guide to Successful Corporate-NGO Partnerships

EDF at a Glance

Environmental Defense Fund

Global Warming	Oceans	Land, Water, Wildlife	Health

"Business as Usual" has changed

- Corporations are recognizing value of environmental and social performance
- NGOs are recognizing value of the market to create widespread and lasting change
- Increasingly, corporations and NGOs are joining forces to achieve common environmental and social goals

About the Guide

- **Purpose**:
  - Inform companies and NGOs on best practices for successful business/NGO partnerships
  - Highlight successful partnership experiences of GEMI member companies

EDF Corporate Partnership experience

GEMI member companies' insights and experience in partnerships

What is a Business/NGO Partnership?

- Independent organizations bringing together their distinct views, expertise and resources to work towards common goals
- Requires active engagement between business(es) and NGO(s)
- Does not rely solely on financial contributions

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Why Partner?

- Creating business value and environmental benefits
- Raising the bar on environmental performance
- Leveraging skills and perspectives not available in the partner organization
- Building respect and credibility
- Providing independent validation
- Helping achieve a long-term vision

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Partnership Best Practices

Part 1 - Project Design:
Structuring Partnerships for Success
- Developing Criteria for Selecting Projects
- Identifying a Good Partner
- Properly Structuring Agreements

Part 2 - Project Execution:
Making the Project a Reality

Project Team
- Developing a Cross-Functional Team
- Building Support at the Appropriate Level of Management
- Selecting a Project Lead

Project Work
- Developing a Clear Project Plan
- Maintaining Momentum

Part 3 - Measuring and Communicating Results
- Measuring Business Benefits
- Measuring Environmental and Health Benefits
- Communicationg Results

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Partnership Case Examples

- **Part 1 — Project Design: Structuring Partnerships for Success**
  - Designing a Partnership for Success: FedEx and Environmental Defense Fund
  - Selecting an Appropriate Project: Eastman Kodak Company and The Nature Conservancy
  - Choosing the Appropriate Partner: Occidental Petroleum, ECOPETROL, International Alert and Fundación Ideas Para la Paz
  - Aligning Interests and Strengths: The Scotts Miracle-Gro Company and Keep America Beautiful
  - Involving All Partners: Perdue Incorporated, Center for the Inland Bays, and Others
  - *Creating a Clear Project Roadmap: Abbott, PHH Arval and Environmental Defense Fund*
- **Part 2 — Project Execution: Making the Project a Reality**
  - Building a Project Team: DuPont and Environmental Defense Fund
  - *Maintaining Momentum: Southern Company and National Fish and Wildlife Foundation*
- **Part 3 — Measuring and Communicating Results**
  - *Leveraging Results: Johnson Controls and Clinton Climate Initiative*
  - Aligning the Supply Chain: Smithfield Foods, Compass Group and Environmental Defense Fund
  - Increasing Reach by Pooling Resources: World Resources Institute's Green Power Market Development Group

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Abbott, PHH Arval and EDF

Reducing Greenhouse Gas Emissions from Corporate Fleets

Case Example: Creating a Clear Project Roadmap

- Clear, outcome oriented goals
  - Reduce ghgs from fleet vehicles
  - Keep changes cost neutral or better
- Well defined scope of work
  - Focus first on moving to more efficient of vehicles while continuing to offer drivers a choice of vehicles
- Create opportunities for future improvements
  - Each buy cycle is chance to improve fleet efficiency
  - Get driver and management buy-in by successful start

Business Benefits

- Reduced vehicle lifecycle operating costs
- Increased employee morale
- Enhanced brand value

Environmental & Social Benefits

- Reduced emissions and improved fuel efficiency
- Demonstrated benefits of climate neutral fleet management to the industry, and communicated desire for fuel efficient fleet vehicles to automakers

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Southern Company and National Fish and Wildlife Federation

Strategic Bird and Ecosystem Conservation Programs

Case Example: Maintaining Momentum

- Grant program resulted in a model learning forum to share conservation best practices among stakeholders
- High-level interactions among all involved
  - Annual meetings of grantees, regulators, conservation leaders, and company executives and employees
  - Project visits allow employees learn about ecosystems
- Informed Southern Company's own conservation practices

Business Benefits

- Establishing credibility and relationships with conservation experts and local groups
- Ensuring license to operate
- Improved employee morale and employee education
- Enhanced brand image

Environmental & Social Benefits

- Conserved, enhanced or restored critical habitats and species
- Sequestered greenhouse gases through tree planting
- Improved public awareness and action

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Johnson Controls and Clinton Climate Initiative

Improving Energy Efficiency in Cities

Case Example: Leveraging Results

- Clinton Climate Initiative (CCI)
  - Working with C40 partner cities to develop and implement large scale projects to improve energy efficiency and directly reduce greenhouse gas emissions in buildings, waste management, transportation, outdoor lighting, ports, and other areas.
- CCI & JCI
  - CCI initially negotiated favorable terms and conditions with JCI for its clients.
  - Negotiated terms have become industry standard, EPC best practices recognized by leading ESCOs worldwide.

- Project Pipeline
  - JCI won in competitive bid one of the first PDAs for a building owner advised by CCI.
  - Since then, selected in competitive bid by several other building owners as one of the ESCOs to proceed to detailed study or contract phase.
  - At present, working on numerous opportunities around the globe.

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In Closing

- A successful partnership requires a commitment built on mutual trust and respect, and the willingness to understand the values, objectives and concerns of all partners
- Business and NGO partners also benefited from leveraging their partners' expertise and capabilities
- In working together, partners realize business, environmental, and societal benefits

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Contact Information

For more information about GEMI and its tools, please visit: www.gemi.org

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U.S. Environmental Protection Agency
National Advisory Council for Environmental Policy and Technology (NACEPT)
Subcommittee on Promoting Environmental Stewardship (SPES)

August 18-19, 2009

SPES Meeting #2
Action Items

August 18-19 Meeting Follow-Up

What	Who	By When
Meeting 1 Summary: • Send EPA the adopted first Meeting Summary with attachments. • Post first Meeting Summary	RESOLVE EPA	August 28 (when ready)
Operating Procedures • Complete any necessary follow-up regarding communication protocols and invocation of FACA and FOIA.	Sonia Altieri Regina Langton RESOLVE	September 4
Action Items Develop Action Items and send to Subcommittee	RESOLVE, Co-Chairs, EPA	August 28
Meeting 2 Summary • Request John Walke's notes from small group discussions • Type flipcharts • Draft summary for review • Review and comment on summary • Adopt final summary	RESOLVE " " Co-chairs EPA SPES Members Co-Chairs SPES Members	August 24 Done September 2 September 3-30 October 6-7
• Post presentations on website (ESC) http://www.epa.gov/innovation/dialogue.htm	David Guest, EPA	September 29

October 6-7 Meeting Planning

What	Who	By When
Draft Agenda • Create first draft of agenda for review by SPES members • SPES review and incorporate Work Group items • Distribute final October Meeting Agenda and other meeting materials	Co-chairs, RESOLVE, EPA Work Groups RESOLVE	September 22 September 25 September 30
Workgroups: Short Term, Long Term, Gap Analysis Drafting Groups: Unifying Themes, Stewardship Definition • SPES members not yet assigned determine their work group participation; communicate with EPA/RESOLVE • Schedule calls, develop work group "charge," draft call agendas, draft notes and next steps, develop products • Complete work group products for review by full SPES. Forward to RESOLVE • Send work group products to full SPES *Please see detail on specific work group next steps below.*	Patty Calkins, Nancy Girard, Erik Meyers, Jeff Muffat, Mark McDermid, David Struhs Work Group Leads and Members Work Group Leads and Members RESOLVE	ASAP/August 28 August 24-September 28 September 28 September 30
Travel Arrangements • Make travel arrangements and reservations by applicable deadlines	SPES Members (with assistance from Glenda)	TBD (EPA to notify SPES)

Work Group: Long Term

Participants:

1. David Monsma (lead)
2. Ian Bingham
3. Suzanne Burnes
4. Myra Carpenter
5. Isabel Long
6. Aseem Prakash
7. Deidre Sanders

8. David Vidal
9. Others? (e.g., "unassigned" members)

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mlewis@resolv.org
(Plus additional "unassigned" members)

What	Who	By When
Develop brief work group "charge" and circulate to work group participants and co-chairs to review	Laura Fiffick (consulting with Lee Paddock if desired)	August 28
Schedule 2-3 conference calls between August 31 and September 28	David Monsma (ask EPA if assistance needed)	August 31
Draft brief initial concept piece/outline for work group consideration	David Monsma (with assistance from others as requested)	September 4
Create draft documents and agreed-upon proposal to share with full SPES	All WG Members	September 28
Send agreed-upon proposal/document to full SPES for review	RESOLVE	September 29

Work Group: Short-Term ("Quick Hits")

Participants:

1. Laura Fiffick (lead)
2. Myra Carpenter
3. Gary Hunt
4. Jennifer Nash
5. Aseem Prakash
6. John Walke
7. Others? (e.g., "unassigned" members)

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(Plus additional "unassigned" members)

What	Who	By When
Develop brief work group "charge" and circulate to work group participants and co-chairs to review	Laura Fiffick (consulting with Lee Paddock if desired)	August 28
Schedule 2-3 conference calls between August 31 and September 28	Laura (ask EPA if assistance needed)	August 31
Draft brief initial concept piece/outline for work group consideration	Laura (with assistance from others as requested)	September 4
Create draft documents and agreed-upon proposal to share with full SPES	All WG Members	September 28
Send agreed-upon proposal/document to full SPES for review	RESOLVE	September 29

Work Group: Gap Analysis + Unifying Themes

Participants:

1. Eric Schaeffer (lead)
2. Laura Fiffick
3. Lee Paddock
4. David Paylor
5. John Rosenthall
6. Others? (e.g., "unassigned" members)

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(Plus additional "unassigned" members)

What	Who	By When
Develop brief work group "charge"	Eric, David, Lee	August 28
Schedule 2-3 conference calls between August 31 and	Eric Schaeffer (ask EPA if	August 31

September 28	assistance needed)	
Draft brief initial concept piece/outline for work group consideration	Eric Schaeffer (with assistance from others as requested)	September 4
Create draft documents and agreed-upon proposal to share with full SPES	All WG Members	September 28
Send agreed-upon proposal/document to full SPES for review	RESOLVE	September 29

Drafting Group: Definition of Stewardship

Participants:

1. Lee Paddock
2. David Paylor
3. David Vidal

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mlewis@resolv.org

What	Who	By When
Schedule 1-2 conference calls between August 31 and September 28	Lee, David M., David V. (ask EPA if assistance needed)	August 31
Draft definition for consideration/discussion	Lee and David P.	September 11
Create agreed-upon proposed definition to share with full SPES	Lee, David M., David V.	September 28
Send agreed-upon proposal/document to full SPES for review	RESOLVE	September 29

Other Research and Documents

What	Who	By When
Update SPES member contact information where needed: (e.g., Nancy Girard's phone number)	EPA RESOLVE	September 3
Send documents from the Aspen Institute as discussed at Second Meeting: Reports from 1994, 1996 and 2000	David Monsma	September 3 (?)