RETAIL COMPLIANCE CENTER

ENVIRONMENTAL MANAGEMENT SYSTEMS FOR THE RETAIL SECTOR

START

Guide One in a Series of Five. These guides may be used sequentially if your company is at the initial stages of implementing an EMS or in a modular approach for those looking to improve elements of their existing EMS.

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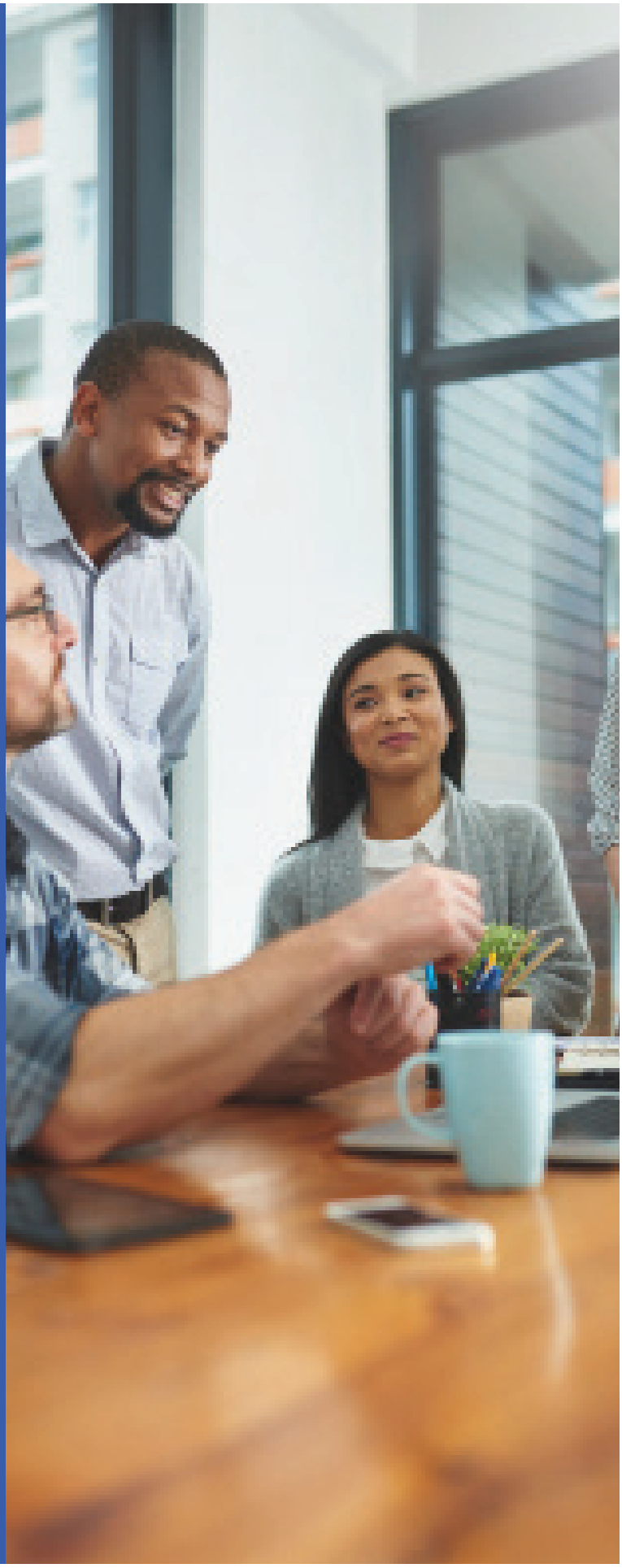
Updated 2020



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INTRODUCTION

The environmental management system (EMS) has been a part of the business management toolkit for more than 20 years, it is underpinned by three revisions of the seminal ISO 14001 standard. It is a systematic approach to help companies comply with regulations, align actions with their environmental vision and policies, and improve environmental performance. An EMS can also help an organization identify and capitalize on environmental and business opportunities that go beyond compliance with environmental regulations. EMS is an internationally recognized approach that has been implemented by thousands of companies. One national retailer defined an EMS as "a framework of processes and tools that ensures a business meets its environmental and business goals."

The Retail Compliance Center (RCC), an initiative of the Retail Industry Leaders Association (RILA), is a resource for the retail industry, which is designed to help retailers comply with environmental regulations. The RCC developed this guidance to help retail organizations develop or optimize an EMS.

There are many EMS approaches that retailers can use; the RCC does not specifically endorse any one EMS model or standard. Most references begin with the International Organization for Standardization (ISO) 14001 standard, which includes specific components that should be in an EMS and is based on the Plan – Do – Check – Act process of continuous improvement. ISO is an international organization that sets standards in many areas, including quality and environmental management. Other sources used to develop this EMS guidance include input from national retailers and a basic environmental management system template from the U.S. Environmental Protection Agency.

There are many good reasons for a retailer to implement an EMS. An EMS can reduce the potential for non-compliance with environmental requirements, the cost of which can be significant, even running into millions of dollars. An improved "risk profile" can lower costs associated with regulatory compliance, health and safety, and incident response giving investment in an EMS a high rate of return. An EMS can also have non-monetary benefits such as improved public opinion and employee satisfaction. Overall, the benefits of implementing an EMS far outweigh the costs.

FREQUENTLY ASKED QUESTIONS ABOUT EMS

1. WE ALREADY HAVE A COMPLIANCE PROGRAM, WHY DO WE NEED EMS?

An EMS can help your organization comply with regulations more consistently and effectively, because it provides a framework for managing regulatory requirements, responding to changing obligations, and documenting your program. It also can help you unearth and capitalize on environmental and business opportunities that go beyond compliance. Most importantly, an effective EMS should connect business leaders with the organization's current performance and improvement plans, ensuring appropriate prioritization and resource allocation.

2. HOW BIG DOES AN ORGANIZATION NEED TO BE TO SUCCESSFULLY IMPLEMENT AN EMS?

EMSs have been implemented by organizations ranging in size from a couple dozen to thousands of employees. The elements of an EMS are flexible and can accommodate a wide range of organizational types and sizes.

3. TO IMPLEMENT AN EMS, DO WE HAVE TO START FROM SCRATCH?

Everything you have in place now for environmental management can probably be incorporated into an EMS. For example, you most likely already have an approach, whether documented or not, for identifying new regulatory requirements. There is no need to "start over."

4. HOW WILL AN EMS AFFECT MY EXISTING COMPLIANCE REQUIREMENTS?

An EMS should improve your efforts to comply with legal requirements and help improve your credibility and negotiations with regulators and prosecutors, should you become subject to enforcement actions. A well-documented EMS can help demonstrate that company management and the board of directors are taking appropriate steps to ensure compliance, thereby protecting themselves as well as the company from potential legal repercussions of inadequate compliance.

While an EMS will not directly result in less stringent legal compliance requirements, it can help indirectly. If, for example, the EMS helps reduce the volume of hazardous waste generated at your facilities, it will indirectly reduce compliance obligations because large quantity generators of hazardous waste have more legal requirements than small quantity generators.

5. DO WE NEED TO BE 100% COMPLIANCE TO HAVE AN EMS?

No. The basis of an EMS is continual improvement, meaning that an EMS helps an organization improve its environmental management practices consistently over time. Therefore, the concept of continual improvement assumes that no organization is perfect and that there is always room to improve performance.

While an EMS should help your organization improve compliance and other measures of environmental performance, problems may still arise. However, an effective EMS should help you more efficiently find and fix these problems and prevent recurrence.

HOW TO USE THIS GUIDANCE

This guidance consists of this introductory Getting Started section, three EMS guidance and tools modules (Planning, Doing, and Checking) and a sample procedures module. This first section is designed to help you prepare for successful EMS implementation. It introduces key EMS concepts and provides information on approaches to help streamline your EMS implementation process. The guidance modules contain specific information on each of the ISO 14001 elements, including details on what is required, retail-specific examples, and implementation guidance and tools.

Every organization's EMS is unique, just like its operations, facilities, and culture. In the same way, there is no "right" way to develop an EMS, even within an industry. Consultants and other outside resources can provide help and guidance, but only the organization itself, through commitment and key internal stakeholders, can build an optimal EMS.

An organization can follow this guidance to build a new EMS or improve an existing one. The tools include questionnaires to help you evaluate your current practices, which will likely form the basis for a comprehensive EMS or identify gaps in an existing EMS. The tools also include sample procedures that can be modified for your EMS and worksheets that can be used as part of your EMS documentation.

GETTING STARTED MODULE

PLANNING MODULE

1. Context of the Organization
2. Leadership, Policy & Scope
3. Risks & Opportunities
4. Compliance Obligations
5. Environmental Objective

DOING MODULE

1. Roles & Responsibilities
2. Competence & Trailing
3. Communications
4. Documents & Records
5. Operational Controls
6. Emergency Preparedness & Response

CHECKING MODULE

1. Monitoring & Measuring
2. Improvement
3. Internal Audit
4. Management Review

Tools
Sample Procedures

RCC COMPLIANCE LEADERSHIP MODEL

RCC's Compliance Leadership Model (CLM) is an overarching framework for your EMS and can help your company to optimize its environmental compliance management and performance. The CLM provides management guidance tailored to the retail sector and enables organizational-level self- assessment, goal setting, improvement planning, and industry benchmarking. The CLM and decision- support system will drive business value for your company in a variety of ways including:

RCC EMS GUIDANCE MODULES

- Reducing costs required to maintain compliance;
- Reducing regulatory risk and potential liability, thereby enhancing brand reputation;
- Increasing the ability to manage future business requirements;
- Improving the ability to innovate, gain competitive advantage, and increase revenue; and
- Enhancing the ability to improve performance against environmental goals.

The CLM provides an easy entrance into the improvement process, no matter the company's level of sophistication, and clearly indicates options for improvement to drive more effective compliance process. The maturity model is structured as follows:

LEVEL 1: ESSENTIAL

Organization has basic elements needed to meet all regulatory requirements. Responsibility is distributed to individuals, resulting in site-specific implementation. A lack of programmatic processes means that practices are inconsistently applied and vary across the organization, based on local management and experience..

LEVEL 2: STRUCTURED

Structured regulatory programs are coordinated and consistently applied across different sites. Responsibility for compliance is centralized into one or several dedicated experts, resulting in more efficient systems. Compliance programs provide sites with a common set of practices and procedures, but allow for variation due to local circumstances and regulatory differences.

LEVEL 3: OPTIMIZED

Standardized, systematic compliance activities (e.g. training, auditing, reporting, and management review) are integrated into existing business processes and applied across all compliance programs. Responsibility for compliance is shared among facility managers working together on implementation and continuous improvement. A hallmark of this level is using data and analysis to optimize efficiency, prevent and reduce risk and regulatory obligations, and minimize environmental impacts.

LEVEL 4: PROACTIVE

Compliance is integrated into the business strategy and overall organizational culture. Responsibility for compliance resides with top management and compliance risk is considered along with other business risks. Proactive methods are used to predict compliance challenges and enhance environmental sustainability. Life cycle thinking is used to engage value chain partners and capitalize on business value from environmental compliance activities, including opportunities for innovation, competitive advantage, and brand enhancement.

The CLM forms the framework for the RILA Retail Compliance Advisor, an automated decision-support and benchmarking system to help retailers optimize their compliance programs. With the Advisor, retailers can evaluate their programs, benchmark with peers, receive expert guidance, and set and track goals for program development. Visit the Advisor webpage for information on using the Advisor. Throughout this guidance, sections with clear applicability to the CLM are identified with the CLM icon.

ELEMENTS OF AN EMS

An EMS consists of specific elements to help companies identify and control their environmental impacts and regulatory requirements, set goals to reduce the impacts, and implement systems to document and report on environmental performance. As you review the elements, you will probably realize that your company already has some foundations in place. One value of the EMS approach is that these existing pieces can be incorporated into the EMS.

You do not have to have all of these elements in your EMS. However, most are valuable in helping improve compliance and environmental performance, so carefully consider your company's operations before excluding any elements. The elements are briefly described below and presented in more detail in the guidance modules.

Organizational Context	Understanding the company business, key stakeholders' interests, and organizational constraints within which the EMS must function
Environmental Policy	A policy outlining the company's commitment to compliance and reducing environmental impact; provides a framework for planning and action.
Environmental Aspects	The ways that a business's activities, products, or services could potentially impact or do impact the environment. For example, waste generation or air emissions.
Compliance Obligations	Laws, regulations, and other requirements, such as internal policies or voluntary standards, that address environmental management.
Objectives and Planning	Environmental goals to help your organization improve compliance and environmental performance.
Organizational Roles & Responsibilities	Individuals and groups responsible for specific EMS elements, activities, and environmental management.
Competency & Awareness	Identification and tracking of training related to environmental aspects, regulatory requirements, and the EMS.
Communication	Processes for internal and external communications on environmental management issues.
Documents	EMS and related environmental documentation outlining what should be done to maintain the EMS and to manage the documents (e.g., version control, distribution).
Operational Planning & Control	Procedures and tools to implement environmental management.
Emergency Preparedness and Response	Documentation and plans for preventing and responding to emergencies that have the potential to impact the environment.
Monitoring and Measurement	Monitoring strategies and metrics for evaluating key activities and tracking EMS performance, as well as compliance with legal requirements.
Performance Evaluation & Auditing	Periodic verification of EMS operation and performance.
Management Review	Periodic review of the EMS by top management.
Continual Improvement	Process to evaluate compliance, correct problems, and prevent recurrence.

EMS CONCEPTS AND CONSIDERATIONS

PLAN - DO - CHECK - ACT

The ISO EMS approach follows the Plan – Do – Check – Act management cycle of continuous improvement. This approach has been used in quality management for many years and is a systematic way to implement processes and improve performance. The steps are:

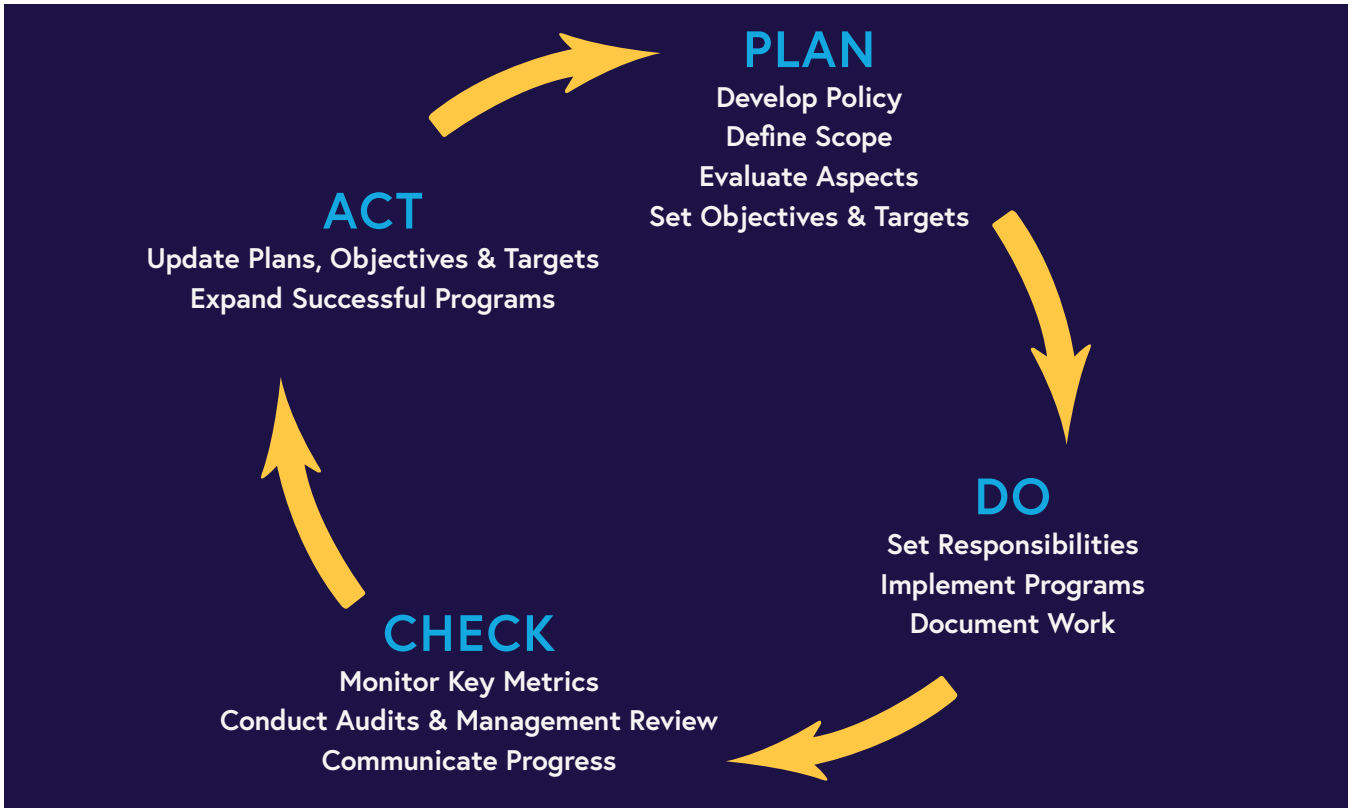
Plan – Identify issues and decide what needs to be done. In an EMS, this means understanding

environmental and regulatory issues and setting goals for the organization's performance.

Do – This step involves developing the structure for implementing solutions (for example, defining responsibilities and specific tasks) and implementing processes. In some cases, this step is viewed as an opportunity to test a solution before fully implementing it. For example, an organization may initially select one store to be landfill-free, rather than trying to implement this goal across all of their stores at once.

Check – This is a critical component of any quality system – gathering data and information on performance and communicating the results. If a store sets a goal to be 100 percent in compliance with hazardous waste regulations, then employees need a way to measure the results or they will not know if they have succeeded (and might be unpleasantly surprised in a regulatory inspection).

Act – In the Act phase, an organization uses the information and experience from Check to go back to the Plan step and make adjustments to ensure that their goals will be achieved or to set new goals. The Act phase may also be the process of expanding a successful project. In the landfill-free example above, the process used is that the first store could be improved based on the initial experience and then implemented more widely. By evaluating goals and updating them as milestones are achieved or situations change, the organization's performance improves over time and is responsive to outside influences.



ROLE OF HEALTH & SAFETY IN EMS

Environmental concerns and requirements in Health and Safety (H&S) programs may be similar or overlap and some requirements may be addressed concurrently. Some companies find that integrating H&S and EMS efforts can improve compliance and/or save money. In developing your EMS, actively consider how the EMS might complement your H&S programs, and at a minimum, refer to relevant H&S programs in your EMS.

To improve environmental management, your organization needs to focus not only on what happened, but also on how and why it happened. Over time, the identification and correction of systematic deficiencies leads to better environmental and overall organizational performance.

ISO CERTIFICATION

Organizations following the ISO 14001 standard can choose to have their EMS ISO-certified based on third- party audits. Certification can increase confidence in a company's ability to manage environmental compliance and potential risks. However, certification adds additional steps and costs to developing and maintaining an EMS and many retailers do not see a need for or significant benefit from certification. Retailers that might benefit from certification include those whose primary branding relies heavily on an environmental reputation or those recovering from a negative environmental event.

GETTING STARTED: KEY STEPS

This section presents common-sense steps to help lay the groundwork for successful EMS implementation. While the exact steps you follow will depend on the status of your current environmental management activities and processes, reviewing these steps can help you develop your internal plan for moving forward. You can customize Tool GS-2: Getting Started Checklist to track the steps for your organization. Key steps for getting started with your EMS implementation are below.

DEFINE THE ORGANIZATION'S GOALS FOR THE EMS.

A first step in EMS planning is to define why you are developing an EMS. Are you trying to improve environmental performance (for example, reducing risk associated with regulatory non-compliance or increasing pollution prevention)? Are you trying to promote involvement throughout the organization? Write down your goals and refer to them regularly as you move forward. As you design and implement the EMS, always ask: How is this task going to help us achieve our goals for the EMS?

This also is a good time to start considering the scope of the EMS to explicitly define what the EMS will cover. The scope of the EMS has a major bearing on the time and cost of implementation, as well as the effectiveness of the EMS in reducing environmental impacts. Module 1: Planning - Scope and Policy covers the EMS scope.

OBTAIN TOP MANAGEMENT COMMITMENT.

One of the most critical steps in the planning process is gaining the commitment of top management for EMS development and implementation. Management needs to understand the benefits of an EMS and what it will take to implement the EMS. Explain the strengths and limitations of the organization's current approach to environmental management and how those limitations can affect environmental, financial, and business performance. Then, explain how an EMS can help address these limitations. Management also has a role in ensuring that the goals for the EMS are clear and consistent with other organizational goals. Management's commitment should be communicated across the organization.

SELECT EMS LEADERSHIP.

This step involves identifying the EMS champions who will be responsible for implementation. Larger organizations will usually have two levels of EMS leadership, while small organizations may have a single person.

The EMS Manager should be from the organization's high-level management and will be responsible for the EMS (i.e. making sure that all tasks relating to the EMS are identified and completed). The EMS Manager is also responsible for reporting to senior management on the progress of the EMS. The second staff person is the EMS Coordinator, who is responsible for working closely with the EMS Manager and the EMS Team (see below) to identify, assign, schedule, support, and ensure completion of all EMS-related tasks. It is important for this person to have the time to commit to the EMS-building process. In a smaller organization, the EMS Manager and the EMS Coordinator may be the same person.

BUILD AN IMPLEMENTATION TEAM.

An EMS Team with representatives from key functions (e.g. engineering, finance, human resources, and service) can identify and assess issues, opportunities, and existing processes. Consider including contractors, suppliers, or other external parties as part of the EMS Team, where appropriate. The EMS Team should meet regularly, especially in the early stages of your EMS efforts. An EMS Team can help ensure that EMS procedures are practical and effective and members can build commitment to and ownership of the EMS among other employees.

HOLD A KICK-OFF MEETING.

Once the EMS Manager has organized the EMS Team, hold a kick-off meeting to discuss the organization's goals in implementing an EMS, the initial steps, and the roles of team members, among other topics. If possible, get top management to participate in the meeting and describe its commitment to the EMS. The kick-off meeting is also a good opportunity to provide EMS training for EMS Team members. Follow this meeting with a communication to employees throughout the organization about the EMS process and goals, what you may need from them in the future, and how they can get involved.

CONDUCT A GAP ANALYSIS.

An important component of laying the groundwork for an EMS is conducting an initial review or "gap analysis" to evaluate your current processes and specific needs. In this step, the EMS Team compares the current compliance and other environmental programs/systems to the criteria for your EMS (such as ISO 14001). Evaluate your organization's structure, procedures, policies, environmental impacts, training programs, and other factors. If you have a current EMS, determine which parts are in good shape and which need additional work. The Gap Analysis Tool (GS-1) in this section can help you get started.

The gap analysis can be counterproductive if you only focus on what is missing. In practice, a gap analysis should identify both the strengths and weaknesses of existing programs. In this way, you can recognize what your organization is already doing well and evaluate ways to build on existing programs and activities.

Some organizations may find that they already perform many of the activities related to an EMS and do not need to develop many elements from scratch.

Looking outside the environmental arena can also provide inspiration. For example, a quality management system may not be strictly environmental, but it may help with your EMS. If a process you already have in place helps you manage important facility activities, it can probably help in environmental management as well.

A gap analysis is designed to answer the following questions:

- How well are the organization's environmental programs performing?
- Has the organization defined the environmental goals it hopes to achieve?
- What are the gaps between existing programs and the elements and criteria for an EMS?
- What existing programs, processes, and activities can serve as the best foundation for improved environmental performance?

PREPARE AN IMPLEMENTATION PLAN WITH A BUDGET AND SCHEDULE.

Based on the results of the gap analysis, prepare an implementation plan with a budget and schedule. The plan should identify what key actions are needed, who will be responsible, what resources are needed, and when actions will be completed. Think about how you will maintain focus and momentum over time. Before developing your implementation plan, it is useful to review the modules in the second section of this guidance to understand the full extent of what will be needed.

SECURE RESOURCES AND ASSISTANCE.

The implementation plan and budget should be reviewed and approved by top management, with a commitment from them to provide the necessary resources. If necessary, revise the implementation plan to fit the resources that you will have, otherwise success may be elusive.

ENGAGE EMPLOYEES.

Employees are a great source of knowledge on environmental issues related to their work areas, as well as on the effectiveness of current processes and procedures. They can also help the EMS team in drafting procedures. By involving employees in the EMS development process, you can create a greater feeling of organization-wide EMS ownership and commitment. Ways to involve employees include having the EMS Team members seek input and feedback from employees in their functional groups, conducting surveys, conducting focus groups, and informally interviewing key employees during facility visits.

MONITOR AND COMMUNICATE PROGRESS.

As you build the EMS, be sure to regularly monitor your progress against your implementation plan and communicate progress throughout the organization. Be sure to communicate accomplishments and describe next steps. Build on small successes to get employees excited about the EMS. Also, be sure to keep top management informed and engaged, especially if additional resources might be required.

NEXT

Now that you know the key elements of approaching EMS implementation, you can use Tool GS-1: Gap Analysis Tool to evaluate the current status of your facility. Before starting the gap analysis, you should read the other modules to better understand the most common elements in an EMS. As you proceed, you can use Tool GS-2: Getting Started Checklist to track your implementation efforts and Tool GS-3: Environmental Management Systems Checklist to track your progress in developing the specific EMS elements.

TOOLS & SAMPLE PROCEDURES

Tool GS-1: Gap Analysis Tool

Tool GS-2: Getting Started Checklist

Tool GS-3: Environmental Management Systems Checklist

ABOUT THE RETAIL COMPLIANCE CENTER
The Retail Compliance Center (RCC) provides resources on environmental compliance and sustainability for all types and sizes of retailers. The RCC's goal is to develop retail-specific resources, tools and innovative solutions to help companies cost-effectively improve their compliance and environmental performance.