PLANNING

CHAPTER 3: CONTEXT OF THE ORGANIZATION

This chapter outlines what you, the retailer, need to consider as you plan and develop an Environmental Management System, such as: business priorities (including risks and opportunities), key issues across your supply chain and internally, and what general areas require environmental management. This chapter also includes questions to help you better understand your environmental risks and possible solutions. By completing the sections in this chapter, you will have a high-level overview of the environmental aspects and impacts that are important to your stakeholders and should be considered for your company's environmental policy.

One of the first steps in planning is to define why you are developing an EMS, asking questions such as how are you trying to improve environmental performance? By reducing risk associated with regulatory non-compliance? By improving logistics? By selling more sustainably sourced products? Are you trying to promote involvement across the supply chain? Are you responding to known compliance issues or perhaps even an official Notice of Violation? Write down your reasons for developing an EMS, as well as your overall goals for the EMS (not to be confused with the environmental goals that you will be developing as part of the EMS). Refer to these goals frequently as you move forward and for every task and activity ask - how is this going to help us achieve our EMS goals?

HELPFUL TIPS

Before you start, think about what you already have and can use:

» Build your company's existing systems, programs, tools, or other resources into your EMS. These may include: merchandise planning and optimization systems, vendor management programs, retail planning software, databases, and checklists.

» Use samples provided in Appendix 2: Sample Procedures "as is" or as a starting point for developing your own.

» Refer to the Compliance Leadership Model (CLM) matrix to optimize your EMS planning.

UNDERSTANDING THE ORGANIZATION AND ITS CONTEXT

Your business does not exist in a vacuum. Internal and external issues influence commercial and environmental performance and ultimately success. Some issues are general to the retail sector such as water and energy consumption, waste, packaging, take-back, and disposal. Others may be specific to your organization, for example, old refrigeration units may contribute to higher energy use or your product mix may result in more hazardous waste than other retailers or be subject to additional regulatory requirements, such as sales of pesticides or pharmaceuticals. External issues such as customer requests, community concerns (e.g. distribution center traffic flow), and supply or logistics issues can influence internal actions such as prioritization of issues, decision-making, and budget and resource allocation. Any of these issues can cause a sudden major shift, disrupting your business and may result in loss of revenue or reputation.

Organizations use different processes to identify, prioritize, monitor, and manage their environmental issues. Typically, an EMS is used as the overarching process governing these activities. In addition, some companies conduct a "materiality assessment" to understand what issues are most important to its key stakeholders both externally (e.g. customers, suppliers, regulators, investors) and internally (e.g. leadership team, business managers, procurement staff, legal staff, other employees). A materiality assessment identifies and prioritizes the most crucial issues for a company to address. The process generally follows this line of questioning:

- What environmental issues does your business monitor?

- What is your company's current response to each issue?

- Which of these issues poses the greatest risk to your business – now and in the future?

- Which of these issues provide business value?

- How does your company currently identify, prioritize, and monitor which environmental issues require immediate attention?

UNDERSTANDING THE NEEDS AND EXPECTATIONS OF INTERESTED PARTIES

Part of planning a successful EMS includes understanding which stakeholders have the greatest influence or pose the biggest threat to your business. Realistically, some key stakeholders "carry greater weight" – especially around business decisions. It is these key stakeholders with whom your company should be concentrating – to understand which issues are most crucial to them and to capture their views on how these might be addressed. Who are the key stakeholders for your company? In retail, customers are generally among the most important stakeholders; others with significant influence can include investors, regulators, suppliers, and in some cases NGOs. Internally your key stakeholders may include the leadership team, heads of business functions (e.g. buying, logistics, building and asset management, legal, corporate affairs, accounting, sales, marketing, public relations), line managers, distribution center supervisors, and in-store staff.

Good questions to begin your inquiry regarding interested parties include:

- Who are my key stakeholders?
- How does my business identify its key stakeholders?
- What are the needs and expectations of each of these stakeholders?
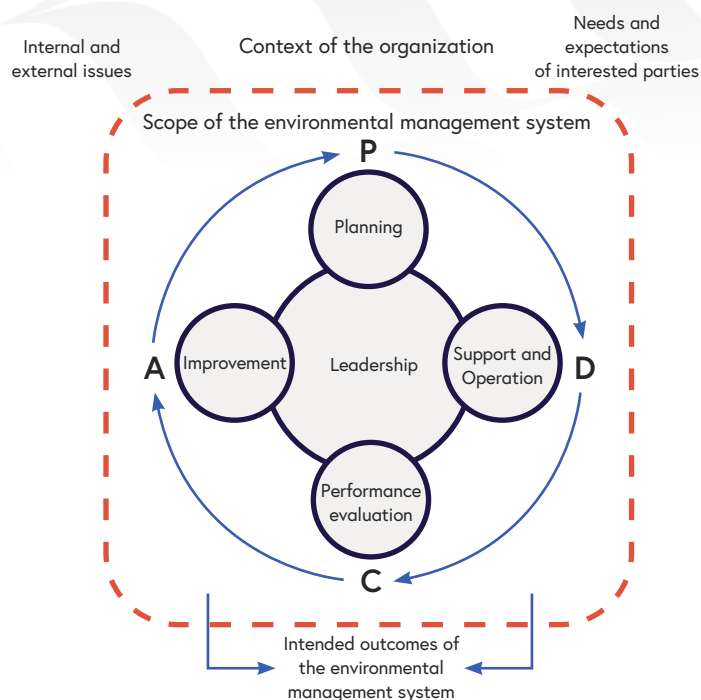- Which of these expectations are regulatory requirements for my business?

Figure 1: Relationship between Plan-Do-Check-Act cycle and ISO 14001 standard. Source: ISO 14001:2015

ENVIRONMENTAL MANAGEMENT SYSTEMS

An EMS is a systematic approach for your business to actively manage environmental compliance issues and business risks, as well as moving beyond these towards business value (such as financial and operational benefits via stronger brand and reputation). Importantly, the EMS is not a thing by itself – any document is only a representation of what happens day in and day out – but rather is the way people within the organization work together. See Figure 1 above and Chapter 1 for an additional overview of an EMS.

DETERMINING THE SCOPE OF THE ENVIRONMENTAL MANAGEMENT SYSTEM

The scope of your EMS needs to be defined early, as it drives much of the EMS design. The scope includes both the physical area that the EMS will apply to, as well as the functional aspects of the organization that it will cover.

The physical scope of the EMS could be the entire company including all stores and distribution centers, an individual store or distribution center, or a specific region like the Northeast or Mississippi. The functional scope relates to

the operational areas covered under the EMS. For example, does the EMS apply only to retail operations, or does it include logistics and transportation, or perhaps just dot-com operations. Your documentation should also define what is not covered; for example, an EMS could cover the entire organization except for private-label manufacturing (which is likely to have different issues and perhaps its own EMS). One national retailer began with its core-brand stores and distribution centers and each year added one or more business units, with a six-year goal of incorporating its entire organization into the EMS.

As you define your EMS scope – whether it is the entire company, a division or a single store/facility – you should also consider items such as:

- The boundaries of environmental licenses, permits, or approvals;

- The extent of authority to determine how the environmental policy is implemented; and

- The extent of authority to allocate resources.

Initially, your organization may want to limit the scope of the EMS to activities within the physical property limits or on adjacent property that is impacted as a direct result of your operations (e.g. storm water runoff). Later, you might wish to expand the scope to include other areas such as:

- Transportation to and from your facilities;

- Post-consumer disposal and other life cycle considerations; and

- Purchasing.

Temporary activities, such as construction sites, should be covered by the EMS, if the organization has management control over them.

Example Scope from a Hypothetical Retailer
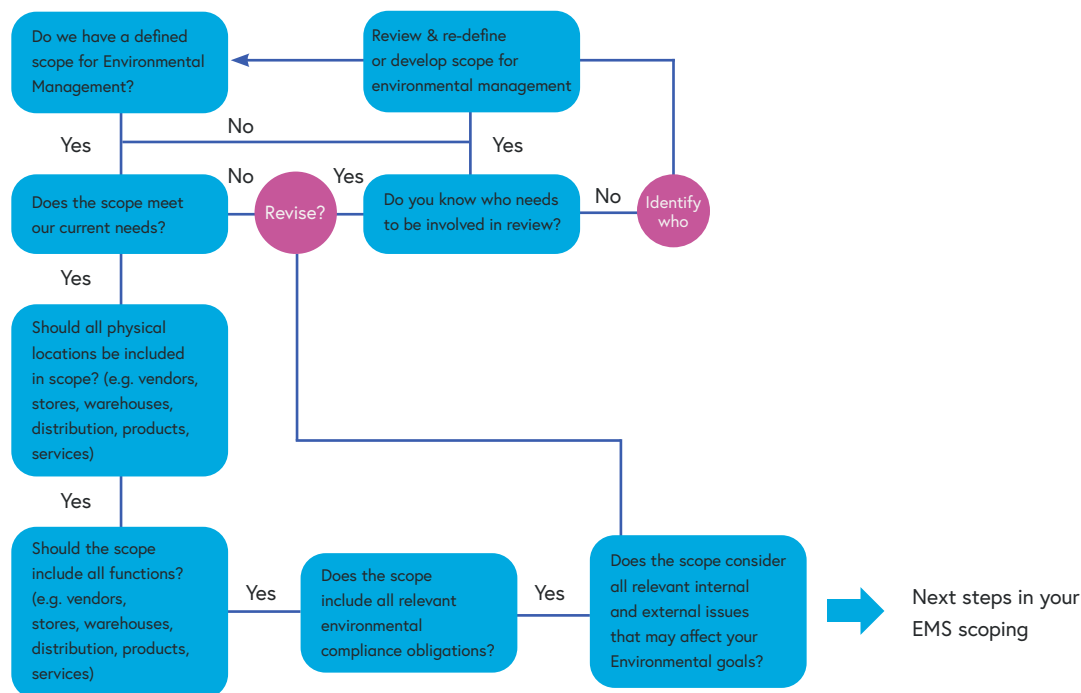
THE GOOD GROCER COMPANY'S EMS SCOPE EXAMPLE

The Good Grocer Company is a regional grocery chain with operations in Michigan, Illinois, Indian, Kentucky and Ohio. The chain operates 320 stores under three brands/formats: 40 Best Gourmet Foods (boutique specialty stores), 100 Good Grocer SuperMarkets (full-service grocery stores), and 180 Good Bargains (economy warehouse-format stores). Each brand operates as a separate business unit, and other business units include Logistics, Dairy and Bakery divisions. All business units are supported by Corporate Support Services (CSS), which includes Accounting, Human Resources, IT, Compliance, Facilities Management and other support and management functions. The company decided to implement an EMS to fulfill their commitment to improving their environmental performance.

The Good Grocer Company decided to implement their EMS in a phased approach by division, beginning with its core store brands: Good Grocer SuperMarkets and Good Bargains. In Project Year 1, the company's EMS will cover those two business units and include all retail operations and direct facility support in the business units and their retail facilities. Business unit management located in CSS facilities will be covered in the EMS only in their operational roles-for example, in their review and management responsibilities related to environmental programs and the EMS itself. The plan is to cover CSS and its facilities under the EMS in subsequent project years.

The initial focus of the EMS is to manage environmental compliance, and it addresses emissions and discharges regulated through environmental permits and other legal requirements. The company also has ongoing Sustainability Programs covering energy management, water use conservation and waste reduction and recycling, as well as supply chain and other indirect environmental aspects. The EMS will refer to the appropriate Sustainability Program for managing those aspects, and to the extent those aspects are related to regulatory compliance, the EMS will relay upon the Sustainability Program to manage those aspects. The EMS includes only environmental aspects that the business units within the scope can control or influence.

For example, Facilities Engineering manages all store refrigeration systems, including selection/design, installation, maintenance, repairs, replacements and remote monitoring. Outside service providers perform all activities. The Sustainability Programs related to Facilities Engineering responsibilities include energy conservation and greenhouse gas (GHG) reporting. Many refrigerant compounds ("Freon") the company still uses are ozone-depleting substances (ODS), which are GHGs with high global warming potential. ODS management to prevent releases has been federally regulated since the 1990s, and Facilities Engineering has a program for managing ODS legal obligations. GHG reporting is a company commitment, but it is not currently required by law. In this case, the EMS will rely on Facilities Engineering for managing all aspects of the refrigeration systems, including GHG reporting. The EMS will include Facilities Engineering's ODS management, but the management role and responsibility will remain with them.

NEXT

As you implement the EMS elements, keep referring to the environmental policy (see the next section) to make sure that your EMS supports the goals laid out in the policy. The company's performance will be compared against the policy during periodic management reviews.

TOOLS & SAMPLE

Tool 3-1: EMS Scope Tool

Tool 3-2: (text was crossed out with no replacement text)

CHAPTER 4: LEADERSHIP

There are two overarching elements that need to be in place before you get started on the EMS. The first is an overall policy – a written statement on your company's position on environmental issues and a commitment to manage these. The second element is a commitment on this policy that is backed by leadership and includes aspects on responsibility, accountability, and oversight from a person or group within senior management. A weak policy or lack of leadership will result in an uncoordinated, and eventually unsuccessful, EMS. A well-articulated policy with visible leadership and commitment is the first step toward successful and meaningful environmental management for your company.

By completing the sections in this chapter, you will have the guidance to develop your company's environmental policy, as well as to identify and assemble your core environmental compliance team (who will drive your EMS) and the appropriate top management representative to actively lead this overall effort.

LEADERSHIP AND COMMITMENT

While the success of an EMS often involves responsibility and action by many people within the organization, solid involvement by top management (e.g. CEO, VP Sustainability, Head of Regulatory Affairs, Head of Retail Operations) is critical to ensure that the requirements are integrated into the company's processes and that the policy and objectives are compatible with the strategic direction. Top management is also responsible for driving continual environmental improvement via the EMS.

The person or group within your company's senior management with overall accountability for your EMS will be responsible for assigning and communicating specific roles related to the EMS. This person or group will also need to ensure that your EMS meets the requirements of the business including regulatory and other compliance obligations. Lastly, the responsible person or group will also need to report on the performance of your EMS and environmental performance to your company's top management.

ENVIRONMENTAL POLICY

An organization's environmental policy is at the heart of the EMS and is a required element under the ISO EMS standard, ISO 14001. The policy should reflect the environmental goals supported by top management and serve as a guide for how to develop and implement the EMS. Rather than a vague statement of support for the environment, the policy should lay out the desired environmental performance of the company and senior management's vision for the organization. Staff implementing the EMS should be able to refer to the environmental policy to understand what they need to implement to achieve management's vision. The policy is articulated in a formal written environmental policy statement.

ISO ENVIRONMENTAL POLICY ELEMENTS

» The policy much come from the top and be defined by top management.

» The organization must have a policy or commitment statement that is appropriate to the "nature, scale and environmental impacts of its activities, products and servies."

» The policy must include commitments to:

– Compliance with legal and other requirements;
– prevention of pollution; and
– continual improvement

» The policy must provide a framework for setting environmental objectives and targets

» The policy must be communicated to all employees and others working on behalf of the organization

» The policy must be available to the public.

The ISO standard lays out specific elements for the environmental policy, all of which are required for organizations seeking ISO certification. However, whether you are pursuing certification or not, you will probably want to include these elements in your environmental policy, as they lay the groundwork for a policy that supports an effective EMS. The way you go about developing your environmental policy depends on your organization. You may be starting from scratch, but more likely you already have a policy, although it may need to be updated to fully support the EMS. Some companies find that a consultant or facilitator is valuable in providing an objective view in developing their environmental policy. Whatever you decide, you should consider the following items:

• The views of important stakeholders. For example, if your customers are looking for more sustainable companies, you may want to strengthen the sustainability aspects of your policy.

• Look at the environmental policies of similar retailers. Do not copy their policies, but consider what you like or do not like.

• The environmental policy should be short and clearly written; "fluff" may sound good, but it will muddy the desired outcome.

• Environmental policies can include specific goals, for example, to reduce greenhouse gas emissions, implement zero-waste distribution centers, or provide greener products. Where possible, quantify the goals to make the policy more actionable and serious.

• Make the statement realistic. Do not state that you will be an environmental leader, unless that is what you intend to do.

Top management should sign-off on your environmental policy statement before it is finalized.

NEXT

The next step is for your leadership team to appoint a senior manager or group of senior managers to have oversight and accountability for your company's EMS. The leadership team should also assign responsibility for an individual or small group to draft or update the environmental policy for your company. This person or group will likely need to consult with several functions within the organization to ensure that the draft policy language is realistic and aligns with the company's strategic vision and business goals. The environmental policy's development will need to be monitored and drafts reviewed by the senior manager with oversight for the EMS. Once the draft is ready, it should be presented to the leadership team for review and comment. The final draft should then be signed by the most senior person in the company (e.g. President, CEO, or Chairman of the Board), along with the senior manager with oversight for the EMS.

Once the environmental policy is signed, it should be communicated to all company staff, along with clear expectations on what they need to do to follow it. The senior manager with oversight for the EMS should coordinate the external communication of the policy and ensure that it is on the company's website. The environmental policy may also need to be provided to suppliers and referenced in product and service procurement contracts.

Over time, the policy should be updated to reflect changes in the company's operations, vision, and environmental information.

HELPFUL TIPS

Before you develop your environmental policy and create new roles for you EMS:

» Identify the senior manager within your company with oversite and responsibility for compliance management to determine if they may also be suitable for leading your EMS

» Try to find an existing statement on environment or sustainability (even a draft) that may be referenced, updated, or re-purposed as your environmental policy

» Review environmental policies of other retail organizations for ides on structure and content

» Use samples provided under Appendix 2: Sample Procedures "as is" or as a starting point to develop your own.

» Refer to the Compliance Leadership Model (CLM) to fine-turn your environmental policy, EMS roles and responsibilities

CHAPTER 5: RISKS AND OPPORTUNITIES

A key element of an EMS is identifying how your operations impact the environment and planning how to control and reduce these impacts. Identifying and managing environmental 'aspects and impacts' (defined below) in a systematic way can bring positive benefits to the organization along with significant environmental improvements.

This chapter provides guidance on how to identify environmental aspects and understand their associated impacts. By completing the section below, you will have an in-depth understanding of the potential environmental risks and opportunities specific to your company's operations and products; and will be ready to further evaluate which aspects are tied to legal requirements to prioritize action and resources.

ENVIRONMENTAL ASPECTS AND IMPACTS

Understanding the cause-and-effect relationship between your facility and the environment is a foundational concept for building an EMS. To start, you need to understand how your operations affect the environment – the impacts. Stated another way, how do the activities, products, and services of your facility - the aspects - interact with the environment? Once you have identified the impacts, you can then decide which should be addressed in your EMS. This is typically done by determining the significance of the impacts, which is related to the potential for harm to the environment and human health, as well as regulatory and other requirements. The aspects, impacts, and significance form the basis for setting goals and objectives in the EMS and improving environmental performance.

Environmental Aspect – An element of a facility's activities, products, or services that can or do interact with the environment. This interaction can be continuous, periodic, or associated only with events such as emergencies. In retail operations, a common environmental aspect is the generation of solid waste or garbage. The environmental aspects consist of the process that generates the solid waste, the garbage itself, and the garbage dumpster.

Environmental Impact – Any change to the environment resulting from a facility's activities, products, or services, in other words from the facility's aspects. Environmental impacts are typically considered adverse, but they can also be beneficial. For example, an environmental aspect such as a white-colored roof can lead to the environmental impact of reduced energy consumption from less need for air conditioning. Environmental impacts from the solid waste example above could include greenhouse gas emissions from waste decomposition, water contamination from landfill runoff, as well as air pollution and greenhouse gas emissions from waste transportation and landfill or incinerator operations.

The table below lists examples of environmental aspects and impacts that may occur in a retail setting.

EXAMPLES OF ENVIRONMENTAL ASPECTS & ASSOCIATED IMPACTS	
Environmental Aspect	**Environmental Impacts**
Emissions of volatile organic compounds (VOCs) from vehicle fueling	Air pollution including ozone and smog
Storm water runoff from parking lots into streams	Erosion, impaired water, quality, damage to wetlands
Spills and leaks from petroleum storage tanks	Soil and groundwater contamination, harm to aquatic habitat
Electricity use	Air pollution including ozone and smog, climate change, habitat destruction
Use of recycled paper	Conservation of natural resources; reduced water, air pollution, and greenhouse gas emissions

IDENTIFYING ENVIRONMENTAL ASPECTS AND IMPACTS

Identifying the environmental aspects associated with your facility is the basis for your EMS. Overlooking an aspect means missing opportunities to reduce environmental impacts and improve performance, as well as missing potential risks to the business. There are many approaches to identifying environmental aspects, the right one for you will probably be based on the size and complexity of your operations, as well as how much you already know about your facilities. In general, identifying your environmental aspects and impacts will involve:

1. Selecting and documenting your approach for identifying environmental aspects and impacts;

2. Convening a work group – usually the EMS team or a subset;

3. Identifying the activities, operations, and services in your facility within the scope of your EMS; and

4. Identifying the environmental aspects and impacts associated with those activities, operations, and services within your EMS scope.

Depending on the complexity of your operations and the level of existing environmental programs, the simplest approach may be to collect information from each department in your facility and/or to use existing information. Information sources could include environmental permits, required reporting such as hazardous waste reports, Safety Data Sheets, monitoring records, and reports on incidents.

In some situations, a more systematic approach may be needed. This could be for specific parts of thebusiness that are more complex or have a greater potential for environmental impacts, such as a transportation or a distribution center or special activities such as construction.

POTENTIAL RETAIL ENVIRONMENTAL ASPECTS

- » Hazardous Waste
- » Fuel Storage
- » Electricity Use
- » Solid Waste
- » Air Emissions from idling trucks
- » Noise from delivery trucks to stores in residential areas
- » Discharge of fats, oils, and grease into municipal wastewater
- » Water Consumption
- » Specialty Products and Services (e.g. pharmacy, gas station, pet supplies) with unique environmental requirements
- » Products requiring special labelling, performance standards and disclosure requirements
- » Other issues related to environmental regulations regarding fleet, maintenance, parking lots, refrigeration, emergency equipment, etc.

One retailer's approach was to evaluate all company operations and facilities for environmental areas (such as air, water, waste, etc.). An example for two environmental areas, air and water, are in Figure 3 and Figure 4. The leftmost box is the environmental area and the subsequent columns are increasingly detailed environmental aspects. If you use this approach (depending on the scope of your EMS), you may also need to complete similar evaluations for waste, hazardous materials, and product characteristics. You could also flip this approach by starting with your facilities and activities on the left and drilling down to the environmental areas from there.

EVALUATION OF COMPANY OPERATIONS AND FACILITIES BY ENVIRONMENTAL AREA – AIR

```
Air
├── Internal Combustion Engines
│   ├── Generators
│   │   ├── Stores
│   │   ├── DCs
│   │   ├── Corporate Campus
│   │   └── Data Center
│   ├── Fire Pumps
│   │   ├── Stores
│   │   ├── DCs
│   │   ├── Corporate Campus
│   │   └── Data Center
│   └── Vehicles ── Transportation
└── Internal Combustion Engines
    ├── Trailer Refrigeration Units ── Transportation
    ├── Refrigeration Systems
    │   ├── Stores
    │   └── DCs
    ├── HVAC
    │   ├── Stores
    │   ├── DCs
    │   ├── Corporate Campus
    │   └── Data Center
    └── Appliance Repairs/Disposal ── Service Centers
```

DC = distribution center
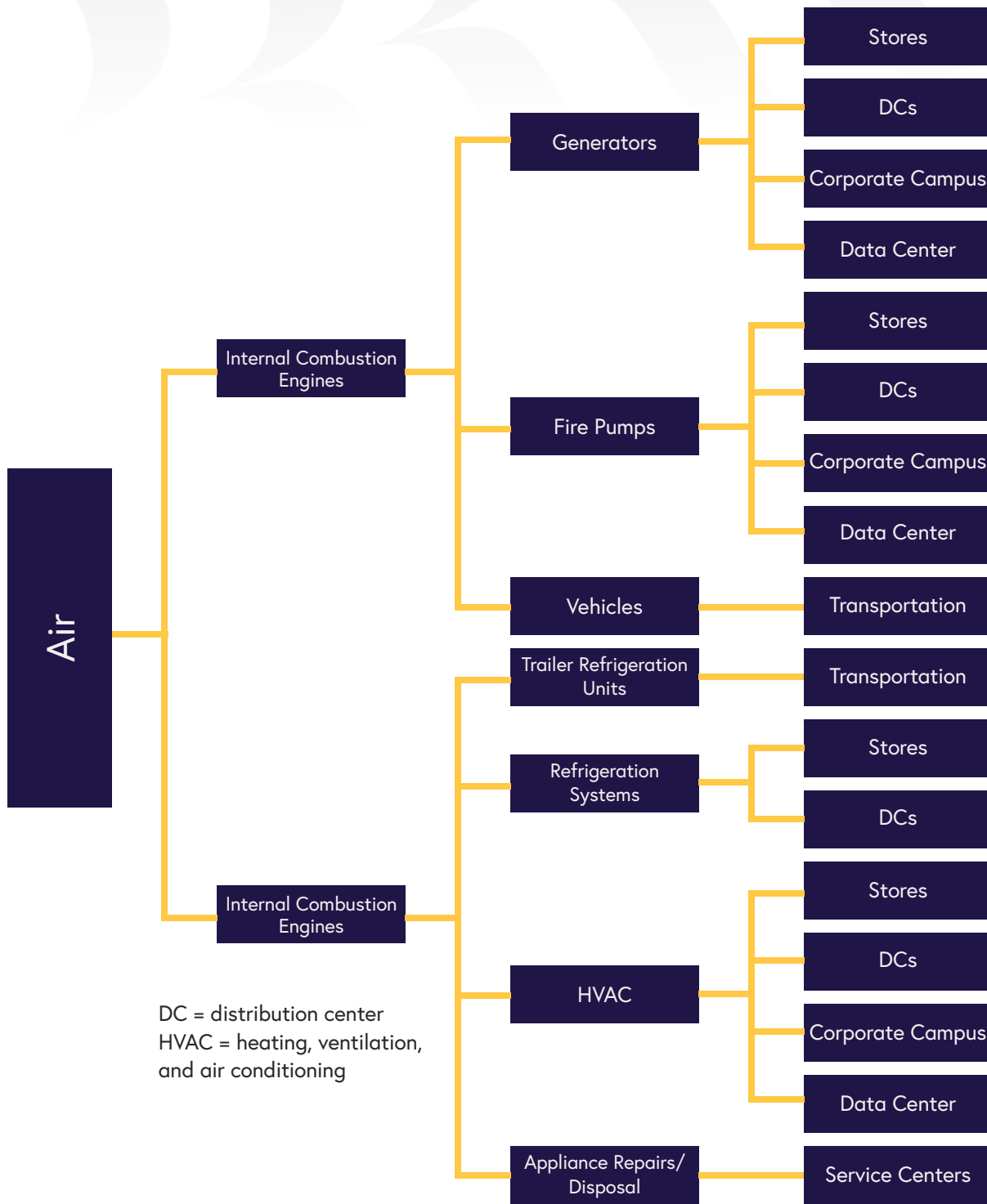HVAC = heating, ventilation, and air conditioning

Figure 3: Example aspects and impacts evaluation for air illustrating the identification of operations and facilities that may require operational control in order to maintain compliance and improve performance.

EVALUATION OF COMPANY OPERATIONS AND FACILITIES BY ENVIRONMENTAL AREA – WATER
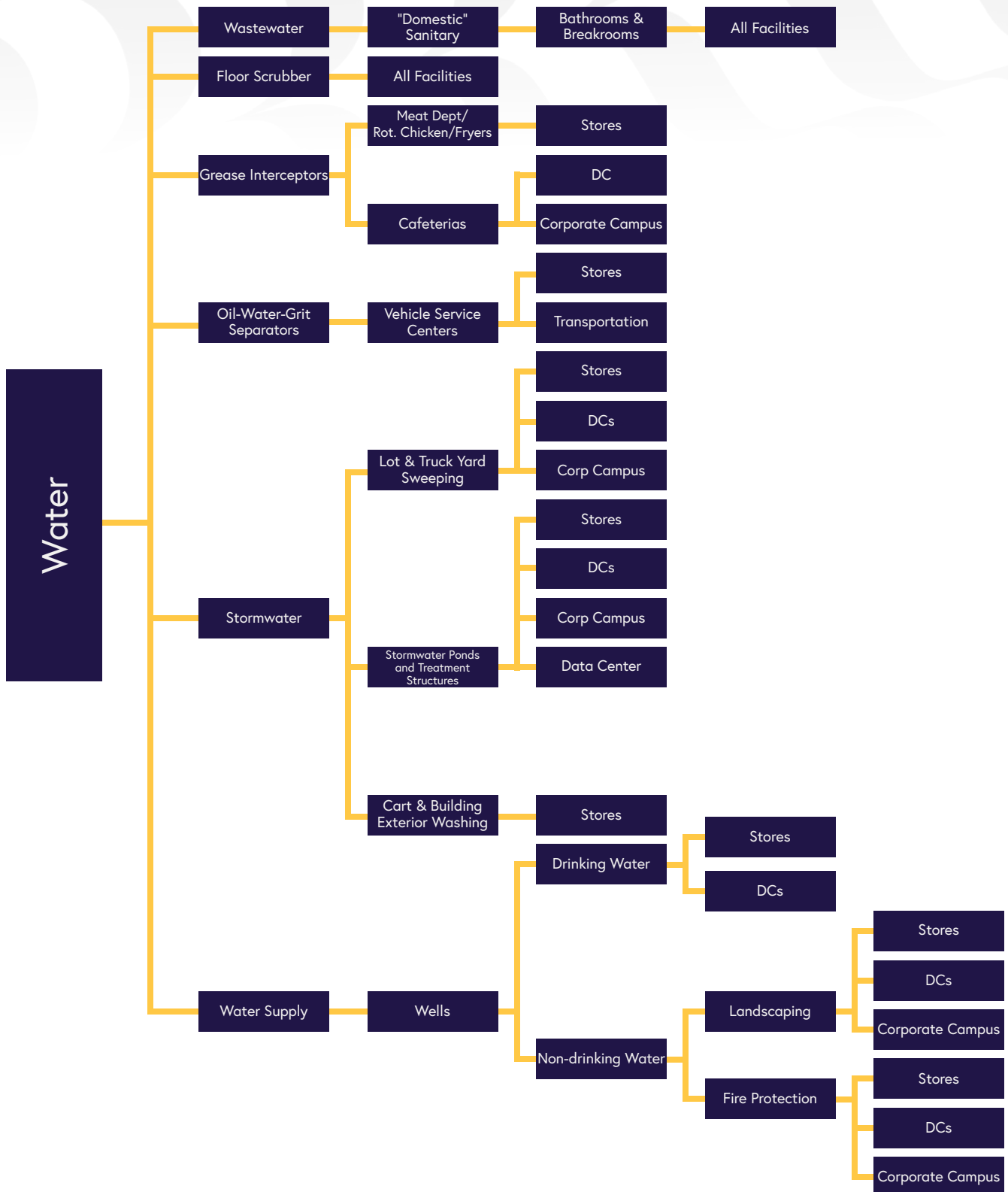

Figure 4: Example aspects and impacts evaluation for water illustrating the identification of operations and facilities that may require operational control in order to maintain compliance and improve performance.

ADDITIONAL POINTS TO CONSIDER

In-Store and Off-Site Services

Services can have environmental impacts, as well as regulatory issues. In addition, the environmental aspects of vendors, service providers, and contractors should also be considered.

Examples include:

- Transportation of merchandise to the store;

- In-store services, such as one-hour photo processing, meat cutting and packaging, food preparation, take-back of appliances, acceptance of customer items for recycling, product returns and recalls; and

- In-home services, such as delivery and installation of merchandise (e.g. home electronics and appliances) or home improvement services.

Construction and Past Environmental Obligations

Don't forget to consider areas such as your company's current construction activity, as well as past activities, including legacy environmental obligations from spills and historical/acquired brownfield sites (sites with contamination or potential contamination, such as a former gas station that had underground tanks). Look at your EMS scope to evaluate how these types of activities fit in your EMS.

Incorporating a Life Cycle Perspective

Your company may want to consider a life cycle perspective when determining environmental aspects. While this does not require a full life cycle analysis (LCA), it does depend on thinking carefully about life cycle stages that can be controlled or influenced by the organization. Typical life cycle stages are shown in Figure 4 below.

Raw Material Acquisition → Design → Production/ Assembly → Transportation / Delivery → Use → End-of-life Treatment & Final Disposal

Figure 5: The Product Life Cycle – an important consideration when determining significant environmental aspects.

A full LCA can be used for a deeper analysis of your products' or services' environmental impacts. In retail, this may not be the most practical approach given time and resources required to conduct LCAs on a company's products and services. However, there are other tools which can provide greater insight on life cycle impacts that require fewer resources and less time than a full LCA. An example is a hotspots analysis, which quickly helps a retailer screen the environmental (and broader sustainability) impacts across the life cycle of products. Hotspots analysis is a framework that allows the rapid assimilation and analysis of a range of information sources, including life cycle based studies, market, and scientific research, expert opinion and stakeholder concerns. Outputs can be used to identify potential solutions and prioritize actions around the most significant economic, environmental, ethical and social sustainability impacts or benefits associated with a specific country, industry sector, organization, product portfolio, product category or individual product or service. Hotspots analysis is often used before developing more detailed sustainability information. (Source: UNEP/ SETAC 2014, UNEP/SETAC Life Cycle Initiative - Flagship Project 3a (Phase 1) Hotspots Analysis: mapping of existing methodologies, tools and guidance and initial recommendations for the development of global guidance).

Once you select an approach to identifying environmental aspects and impacts, document the approach in a written procedure to include in your EMS documentation. This will be help if questions about the process are raised and it also ensures consistency when new processes are reviewed.

Once you have identified your aspects and impacts, you can combine related ones to simplify your EMS. For example, you may have storm water aspects from several outside areas or operations that can be combined into one aspect. This makes sense if the related items are all covered by the same regulations, have the same type of controls, or are in the same department.

DETERMINING SIGNIFICANCE

Determining which aspects have significant impacts and should therefore be included in your EMS as significant environmental aspects (SEAs) is an important step in EMS planning. The specific SEAs affect other EMS elements, including the objectives and targets, operational controls, monitoring needs, and ultimately environmental performance. The significance of an aspect is related to its environmental and health impacts, as well as natural resource concerns, regulatory requirements and concerns of the business, stakeholders, and the community. Determining significance is more than just understanding environmental impacts, it involves weighing the criteria and comparing the relative impacts of different aspects. There are many different approaches to determining significance, some of which involve ranking criteria to identify the impacts that are most severe and are most likely to occur.

Techniques for Identifying and Prioritizing Environmental Aspects

Tool	Description	Used For
Process Hazard Analyses	Used to identify and assess potential impacts associated with unplanned releases of hazardous materials; methodology commonly from OSHA Process Safety Management regulations	Areas with the potential for spills or other releases of hazardous material
Failure Mode and Effects Analyses	Commonly used to identify and prioritize potential equipment and process failures and establish corrective actions; often a precursor to formal root cause analyses	Any equipment or business process
Process Flow Diagrams	A tool to help an organization visualize and understand how work gets accomplished and how work processes can be improved; can help an organization understand its environmental aspects and reduce pollution and operating costs by identifying unnecessary activities	Any business process
Environmental Impact Assessments	Used to satisfy National Environmental Policy Act (NEPA) requirements by evaluating environmental impacts associated with proposed projects; not typically used to assess environmental impacts associated with existing operations	Construction projects; if NEPA does not apply, similar state programs may

Tool	Description	Used For
Life Cycle Assessments (LCA) or Life Cycle Analysis	Used to assess the cradle-to-grave (e.g., from raw material to disposal) impacts of products or processes; can be time-consuming and expensive but is perhaps the most comprehensive approach to understanding and comparing environmental aspects and impacts	Typically used for products but can also be used for services and processes
Risk Assessments	Used to assess potential health and/or environment risks typically associated with chemical exposure; can be performed using variety of common qualitative and quantitative methodologies	Typically used with chemicals that are considered to be potentially hazardous
Project Safety/ Hazard Reviews	Used to assess and mitigate potential safety hazards associated with new or modified projects	Projects (do not commonly focus on environmental issues, but can)
Emission Inventories	Used to quantify air pollutant emissions; some data on emissions or chemicals of concern may already be available based on Emergency Planning and Community Right-to-Know Act (EPCRA) requirements and Clean Air Act (CAA) Title V permitting program data requirements	While usually associated with major sources of air pollution, can be useful with smaller air pollution sources such as generators
Pollution Prevention or Waste Minimization Audits	Rigorous assessment of facility operations to identify opportunities to reduce or eliminate pollution at the source and to determine recycling options	Can be used with any business process, but most often used for processes that generate a lot of waste or use hazardous materials
Environmental Property Assessments	Used to assess potential environmental liabilities associated with facility acquisitions or divestitures; typically does not cover impacts associated with products or services	The purchase of land or a business that owns land, or construction projects on brownfields
Environmental Cost Accounting	Used to assess the full environmental costs associated with activities, products or services; emerging protocols require comprehensive assessments to quantify such costs	All products and services
Environmental Compliance Audits	Used to assess compliance with federal, state and local environmental regulations; while not typically directed at examining environmental impacts, it does help determine significance	All products and services, but usually areas with regulatory requirements

Some of the criteria used to determine significance include:

- **Severity** - potential impact on human health and the environment (e.g. release of ammonia gas from the refrigeration system at a grocery distribution center, which poses serious risks and could be fatal)

- **Quantity or Volume** - amount or size of the aspect (e.g. the greater the capacity of a fuel storage tank, the greater its potential significance)

- **Prevalence** - the number of facilities where the impact occurs (e.g. if a grocery chain sells rotisserie chicken and butcher's meat on site at every store, each store has a potential to discharge fats, oil, and grease in its wastewater, meaning that the combined potential for impact is large)

- **Frequency and Duration** - how often an environmental impact occurs and how long it lasts (e.g. solid waste generation occurs daily, while a store reset may occur infrequently)

- **Probability** – how likely is the environmental impact to occur (e.g. air pollution from delivery trucks, has a higher probability than a spill from a fuel storage tank, which may only occur from an accident or equipment failure)

- **Subject to Regulations, Policy, or Voluntary Commitments** – such as health and safety regulations, public commitments, and goals (e.g. GHG reduction targets, waste reduction goal)

- **Stakeholder Concern** - investors, customers, business partners, and suppliers can all provide insights into your environmental aspects and help you identify actual, potential, or perceived issues (e.g. shareholder initiatives driven by advocacy groups have resulted in companies participating in voluntary reporting programs such as the Carbon Disclosure Project (CDP), even when the initiative failed to pass a shareholder vote)

- **Community Issues** - impacts that the surrounding community considers important (e.g. noise level from trucks unloading and idling at stores near residential neighborhoods, increased traffic caused by business operations, outdoor lighting, storm water management, and landscaping)

- **Pollution or Risk Reduction Potential** – the return on investment (ROI) in both financial and environmental terms (e.g. demolition and construction of a new vehicle maintenance area may be a large expense, but the risk reduction of properly designed sumps and drains can prevent major environmental impacts and associated regulatory problems)

- **Business Issues** - a specific aspect may make good business sense outside of the potential for environmental impacts (e.g. reducing energy use and waste can save money, minimizing truck idling and noise can improve relations with neighbors, and sourcing more sustainable products can improve a company's reputation)

Every company will choose a slightly different approach towards determining significant aspects based on their specific business situation. It is important to clearly document the process chosen so that future revisions can take the process into account and easily understand how conclusions were reached.

NEXT

At this point in the EMS process, you will have documented the significant environmental aspects and impacts and the regulatory requirements that apply to your facility.

At the end of this part of the EMS process, you should have a list of the aspects associated with your facility and have ranked them to identify the SEAs. The next section provides guidance on developing an objective for each SEA to either control or improve the aspect or investigate leading to improvements. In addition, you will need to identify key characteristics of your SEAs to monitor and measure; these measurements will be the basis for determining where operational controls are required and whether they are working properly.

A REMINDER!

» Use your company's existing systems, programs, tools, or other resources to support environmental compliance obligations and determine their significance to your business.

» Use samples provided under Tools & Procedures "as is" or as a starting point to developing your own.

» Refer to the Compliance Leadership Model (CLM) matrix to fine-tune support of environmental complianceobligations and determine their significance to your business.

CHAPTER 6: COMPLIANCE OBLIGATIONS

Compliance with legal requirements is a central pillar of an environmental policy and an EMS. Not only are businesses obliged to follow legal requirements, the potential cost of non-compliance (e.g. damage to the environment, fines, enforcement actions, revenue loss, and impact on brand reputation) can be very high. Legal requirements include federal, state, and local requirements, as well as permit conditions. Your facility may also be responsible for complying with other requirements such as company policies, industry codes of practice, and pledges or commitments made voluntarily by your company.

In completing this chapter, you will be able to identify which of your company's environmental aspects have regulatory or legal requirements; determine the significance or the "degree of impact" of each environmental aspect; and finally prioritize the ones that may pose key business risk or represent a significant opportunity for your business.

ENVIRONMENTAL LAWS THAT APPLY IN RETAIL
» Clean Air Act (CAA)
» Clean Water Act (CWA)
» Emergency Planning and Community Right-to-Know (EPCRA)
» Federal Insecticide, Fungicide and Rodenticide Act (FIFRA)
» Safe Drinking Water Act (SDWA)
» Toxic Substances Control Act (TSCA)
» Oil Pollution Act (OPA)
» Resources Conservation and Recover Act (RCRA)

THE COMPLIANCE FRAMEWORK FOR YOUR EMS

Most likely you already have some form of an EMS or management system with the most developed elements related to compliance. Your EMS should build on what you already have and include processes to:

- Identify and communicate applicable compliance obligations; and

- Ensure that these requirements are factored into the organization's management efforts.

Identifying legal and related requirements is a key piece of information determining the significance of environmental aspects and setting EMS objectives and targets. Anticipating new requirements could help avoid future compliance obligations and their costs or potential violations. A thorough understanding of environmental requirements may enable you to develop strategies to reduce or even eliminate regulatory burdens. For example, a facility might reduce hazardous waste generation to avoid going into a higher generator category and triggering additional requirements or a distribution center may choose to cover outside storage areas to eliminate the need for a storm water permit.

GETTING STARTED

Identifying and interpreting regulations and determining which requirements apply to your operations can be time-consuming. This is especially true considering that three levels of regulation – federal, state, and local – must be considered.

The RCC website at https://www.rila.org/retail-compliance-center has information on environmental regulations relevant to retail. Other sources include:

- Commercial services with databases of regulations;

- Federal, state, and local regulatory agencies;

- Trade and professional groups and associations;

- Seminars and courses;

- Newsletters and magazines;

- Consultants and attorneys; and

- Vendors and service providers.

The applicable requirements, as well as the process you use to keep updated, should be documented in your EMS. As a first step, you need to understand your facility's current process for tracking regulations. A comprehensive approach may already be in place or there may be gaps that leave the facility open to potential non-compliance.

ENVIRONMENTAL REQUIREMENTS THAT APPLY IN RETAIL

» Requirements from governmental entities or other relevant authorities;

» International, national, and local laws and regulations;

» Requirements specified in permits, licenses, or other forms of authorizaccction;

» Orders, rules, or guidance from regulatory agencies;

» Judgements of courts or administrative tribunals;

» Agreements with community groups or non-governmental organizations;

» Agreements with public authorities or customers;

» Organizational requirements;

» Voluntary principles or codes of practice;

» Voluntary labelling or environmental commitments;

» Obligations arising under contractual arrangements with the organization;

» Relevant organizational or industry standards.

Next, you need to identify the requirements that apply to your specific operations. Remember every situation is unique based on variables such as type and size of facilities, operations, company policies, jurisdictions, and more. For your EMS, you need to document a formal procedure for compliance obligations. This may be a matter of documenting your current process or developing a new process.

Once you have identified all the applicable environmental compliance requirements, you will need to ensure that all the related obligations (e.g. monitoring and inspections, record keeping, employee training, agency reporting) have been incorporated into the business processes.

NEXT

Your next step is to begin "operationalizing" all the requirements you've organized within the Planning Action phase. This effort will primarily focus upon engaging people who are already doing the tasks necessary to prevent compliance problems, but may not always be doing them entirely correctly. Bringing these people on-board of the EMS effort is the most critical key to success!

A REMINDER!

» Use your company's existing systems, programs, tools, or other resources to identify and evaluate environmental aspects and impacts, risks, and opportunities.

» Use samples provided under Tools & Procedures "as is" or as a starting point to developing your own.

» Refer to the Compliance Leadership Model (CLM) matrix to fine-tune the identification and evaluation of environmental aspects/impacts, risks and opportunities.

» Refer to your environmental policy to ensure that risks and opportunities identified are aligned with the goals of this policy.

In this chapter, you will learn how to set appropriate and achievable environmental objectives and targets for each of your company's significant environmental aspects.

Objectives and targets help an organization translate purpose into action. They also help develop a picture of the business's overarching goals and communicate what is important to the organization. Environmental objectives and targets should be factored into your business plans and can help you integrate environmental management with your organization's other management processes.

In the EMS world, the words "objective" and "target" have specific meanings and are defined in ISO 14001 as follows:

Environmental Objective: "Overall environmental goal, arising from the environmental policy, that an organization sets itself to achieve, and which is quantified where practicable."
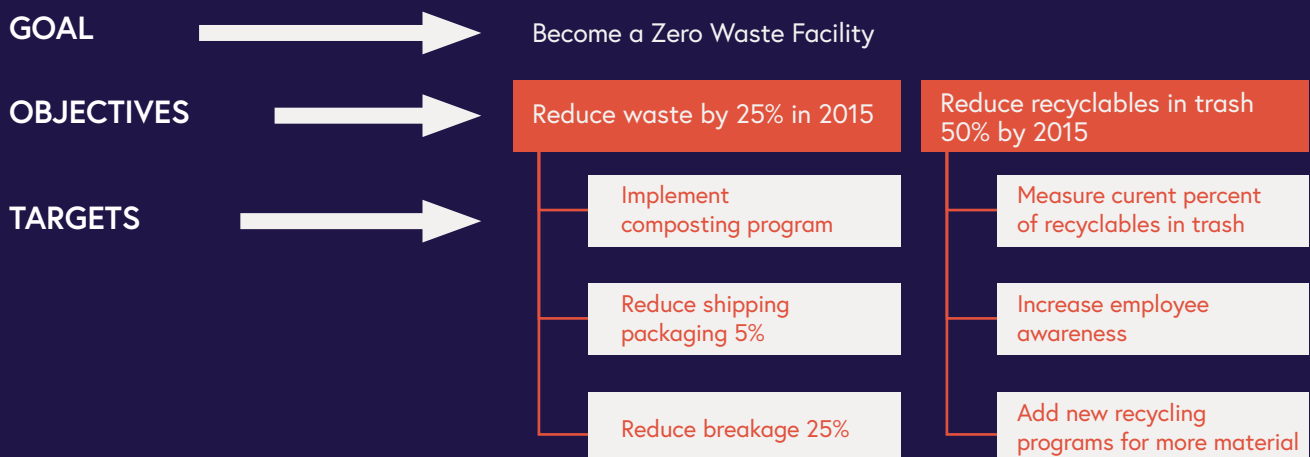
Environmental Target: "Detailed performance requirement, quantified where practicable, applicable to the organization or parts thereof, that arises from the environmental

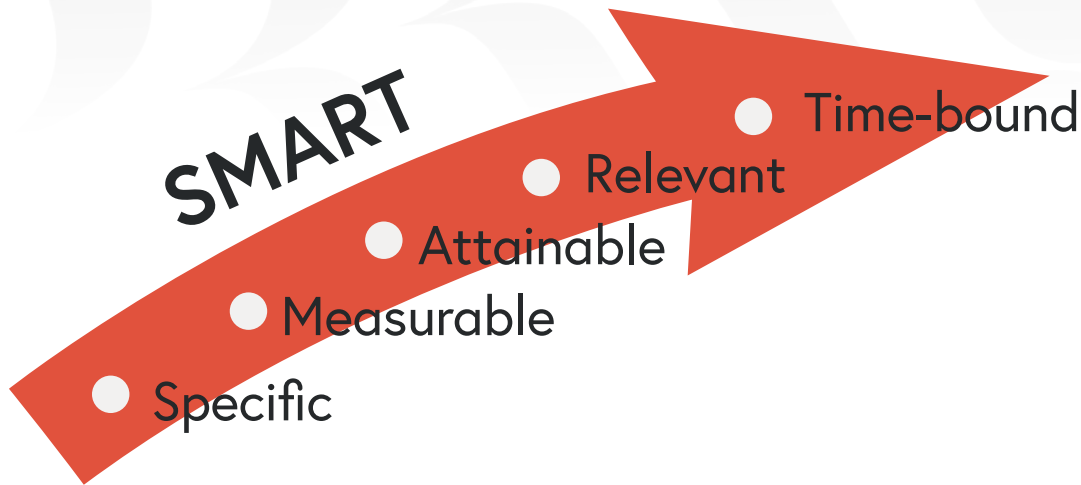objectives and that needs to be set and met to achieve those objectives."

The word "goal" is sometimes used interchangeably with "objective" or sometimes used to refer to a much higher-level goal. Targets should roll up to achieve the related objective. The objectives and targets should align with your organization's environmental policy.

Many considerations are factored into setting objectives. Your environmental policy commitments, significant environmental aspects (SEAs), legal and related requirements, stakeholder views, technological options, and your financial, operational, and other organizational considerations must all be balanced. There are no "standard" environmental objectives that make sense for all organizations. Your objectives and targets should reflect what your organization does, how well it is performing, and what it wants to achieve. As always, your process for identifying objectives and targets should be documented.

EXAMPLE GOAL, OBJECTIVES AND TARGETS

GOAL →	Become a Zero Waste Facility
OBJECTIVES →	Reduce waste by 25% in 2015 / Reduce recyclables in trash 50% by 2015
TARGETS →	

Under "Reduce waste by 25% in 2015":
- Implement composting program
- Reduce shipping packaging 5%
- Reduce breakage 25%

Under "Reduce recyclables in trash 50% by 2015":
- Measure curent percent of recyclables in trash
- Increase employee awareness
- Add new recycling programs for more material

Well-defined objectives and targets will set you up for success, while vague objectives will result in little to no improvement. A good starting point is to set objectives and targets that are SMART.

Specific: Setting an objective to "reduce your regulatory risk" is a great intention, but what does that actually mean? Examples of more specific objectives might include "remain in the small quantity generator category for hazardous waste" and "identify all waste related compliance obligations and assess if the company has a program or process in place to manage them."

Measurable: If you can't measure your objectives or targets, then it is hard to evaluate your progress or declare success. Not only do your objectives and targets need to be observable and concrete, they also must be measurable within your budget and time constraints. For example, it may a good idea to reduce contaminated storm water runoff, but how will you measure that? Are you going to set up a monitoring and sampling program? That is an expensive and complicated effort. Perhaps a better objective would be to identify and measure the factors that affect storm water quality at your facilities. Are they implementing best management practices? Are the practices and frequency appropriate for the regional climate? Is the storm water infrastructure maintained and working as designed? Once that has been done, you can identify specific objectives and targets that will improve water quality like "all storm water

zone contracts will be regionally tailored and will incorporate local requirements with best management practices [by the end of the third quarter of the year]."

Attainable: Your objectives should be ambitious enough to improve your environmental performance, but not impossible to achieve. You may want to become a zero-waste facility (which could be your longterm goal), but a more realistic immediate objective might be to reduce waste by 20% in the first year.

Relevant: Your objectives and targets need to relate to what you are trying to achieve; that is, they should be in line with your environmental policy and company commitments.

Time-bound: Your objectives and targets should have defined timeframes such as "by the end of the fiscal year" or by a specific date. You should include milestones to measure progress along the way, especially for longer-term objectives.

The table below shows some example objectives and targets for a retail operation.

OBJECTIVE	TARGETS
Reduce waste sent to landfill by 25% in 2021 as compared to 2018.	Increase recycling by 15% in 2019 based on weight compared to 2018.
	Implement pilot composting program in 2019.
	Reduce shipping packaging by 10% in 2020 compared to 2018 based on periodic review of packaging and weight of cardboard
Improve compliance with hazardous waste determination based on internal waste audit results.	Reduce incorrect waste determination in the non-hazardous or hazardous category by 75% based on waste audit results.
	Improve waste determination training programs based on feedback collected in employee surveys.
	Increase Store Inventory Leaders' Hazardous Waste Program knowledge to 95% minimum score on quarterly computer-based assessments by Q2 of fiscal year. Reassign Hazardous Waste Program computer-based learning to individuals not achieving 95%.
Develop diesel aboveground storage tank (AST) inspection and monitoring program at distribution centers(DCs) and achieve 100% compliance with regulations.	By Q1, create an inventory of all ASTs and AST details (e.g.size, construction, secondary containment, location, gauge, automatic monitoring type, manual/visual monitoring) by DC.
	By Q1, identify DCs requiring SPCC plans under federal regulations or similar plans under state, local, or regional law.
	By Q2, develop DC-specific inspection and monitoring programs
	By Q3, train DC Facility Maintenance Managers on their AST monitoring, inspection and recordkeeping requirements.
Develop and implement Spill Prevention, Control, and Countermeasure (SPCC) plans (and/or state, local, and regional equivalents) for all DCs where required.	By Q2, obtain Management and legal approval to either self-certify SPPC plans or engage consultant to develop SPCC plans.
	By Q3, complete SPCC site visits and draft SPCC plans.
	By Q4, obtain feedback and concurrence from logistics function on: 1) any capital expenditures (CapEx) required for SPCC compliance (e.g.tank replacements, painting,repairs, gauges); and 2) approach for meeting obligationsfor all SPCC plans.
	By Q2, complete CapEx
	By Q2, implement final certified SPCC plans.
Improve execution of compliance tasks by implementing an Environmental Compliance Tracking System	By Q2, identify outside service providers and in-house capabilities and systems that can be used to manage compliance obligations at the task level.
	By Q3, define capabilities, conceptual cost estimates, and implementation capabilities of options.
	ByQ4, define/identify/establish company needs, priorities, system, and IT requirements and budget.
	By Q1 of following year, select option and establish development and rollout schedule.

There are other considerations in setting objectives and targets. Some of these are listed below.

- **Involve relevant people** – Setting objectives and targets should involve people in relevant functional areas, as they are positioned to establish, plan for, and achieve these goals. In addition, involving more people in the EMS process helps build commitment and accountability.

- **Get management support** – Get top management buy-in for your objectives. This should help ensure adequate resources and support the integration of EMS objectives with other organizational goals.

- **Link objectives to improvements** – In communicating objectives to employees, link objectives to the actual environmental improvements being sought to give them something tangible to work toward.

- **Follow environmental policy** – Objectives should be consistent with your overall mission and the key commitments established in your environmental policy (e.g. pollution prevention, continual improvement, and compliance).

- **Be flexible** – Be flexible in your objectives. Define the desired result and let the people in the relevant functional area be responsible for determining how to achieve it.

- **Maintain and improve performance** – Objectives can be established to maintain current levels of performance, as well as improve performance. For some SEAs, you might have both maintenance and improvement objectives.

- **Involve the community in which you operate** – To obtain the views of interested parties, consider holding an open house or establishing a focus group with people in the community.

- **Start simple, then expand** – The number of objectives and targets will vary. It is usually best to start with a limited number of objectives in your EMS (say, three to five) and expand the list over time. Keep your objectives simple initially, gain some early successes and then build on them.

Note: If your facility has few or no environmental compliance programs, you may find it difficult to limit the number of objectives while developing a program to address all compliance needs. In this situation, you might consider one or two larger overarching goals. For example, "Develop environmental programs for complying with regulations applicable to the facility's operations and facilities." Subordinate objectives or targets might include identifying your greatest risk areas, prioritizing programs, and establishing a schedule and strategy for program development.

- **Consider suppliers** – Keep in mind that your suppliers can often help you in meeting your objectives and targets. For example, suppliers could provide more "environmentally friendly" products or they could help improve regulatory compliance by providing you with more detailed invoicing or other data for reporting.

- **Expand what works** – In some cases it may make sense to roll-up objectives and targets from individual processes, departments, or functions to an organization-wide level.

Some companies use consultants or facilitators to help set EMS objectives and targets. An objective third party can often help balance the needs and viewpoints of different groups in the company. A consultant with EMS experience can usually help identify pitfalls and make the process more efficient. However, as noted before, this process cannot be totally outsourced to a consultant as it requires the involvement of staff to make the objectives fit the company.

PLANNING ACTIONS TO ACHIEVE ENVIRONMENTAL OBJECTIVES

When finalizing your company's environmental objectives, there are some practical considerations. For each environmental objective, you will need to determine:

- what will be done (types of actions, programs) to achieve it?
- what resources (both financial and people) will be required?
- who will be responsible?
- when will it be completed?
- how will the results be evaluated, including indicators for monitoring progress toward achievement?

HELPFUL TIPS

As you set your environmental objectives and actions to achieve them:

» Engage managers and staff within key business functions across your company early in the process to provide input on environmental objectives and help to better align with the company's vision and business goals. These functions may include: procurement, logistics, building and asset management, legal, corporate affairs, accounting, sales, marketing, public relations, line managers, warehouse supervisors, as well as in-store staff. This helps not only with input, but it serves to communicate direction on objectives and can help with internal "buy in" and ownership which is necessary to success.

» Use samples provided under Appendices 1 and 2 "as is" or as a starting point to developing your own.

» Refer to the Compliance Leadership Model (CLM) matrix to fine-tune your environmental objectives and actions.

» Refer to your Environmental Policy to ensure that environmental objectives and associated actions are aligned with the goals of this policy.

NEXT

The next step is to identify the resources needed to carry out the actions to meet your environmental objectives. This will be much easier if you have created well-defined objectives and targets and designated the appropriate staff to be responsible for reaching the targets – both to make sure that the targets are achievable, but also to build support.