



Pilot studies on sectoral reference documents on best environmental management practice – the Retail Trade and the Public Administration sectors

Note on the EMAS stakeholder workshop for the Retail Trade sector held at JRC/IPTS on 25 June 2009 in ES-Seville

INTRODUCTION

The Community Eco-Management and Audit Scheme (hereafter EMAS) was originally established in 1993 by Regulation (EC) No 1836/93. This voluntary scheme was originally restricted to companies from industrial sectors. EMAS was revised in 2001 by Regulation (EC) No 761/2001 of the European Parliament and of the Council of 19 March 2001 allowing participation by organisations from all sectors¹, whether public or private, which is currently in force. Now, a second revision of EMAS is on the way, called EMAS III.

On 2 April 2009, the European Parliament adopted the text of a new EMAS regulation with a number of amendments which were the result of a compromise negotiated with the Council. Therefore, the current text reflects the final political compromise and no major changes are expected. The new regulation foresees the development of sectoral reference documents on best environmental management practice (Article 46). The goal of the current pilot studies is to bring stakeholders together and to collect views and opinions on how to create the reference documents. These documents should be functional and helpful for the organisations concerned. The participants of the workshop held in JRC/IPTS in Seville on 24 June 2009, constituted a representative sample of experts relevant for Retail Trade (RT) (see Annex 1: list of participants).

1. PRESENTATION Purpose and goals of the workshop (*Annex 2*)

The general goal of the workshop was to use the Retail Trade sector as an example to discuss the:

- Content of reference documents
- Suitable environmental performance indicators
- Derivation and use of benchmarks
- Structure of EMAS reference documents
- Methodology for developing reference documents including the future nature of stakeholder involvement, aiming to arrive at a coherent series of reference documents

¹ OJ L 114, 24.4.2001, p. 1.

2. PRESENTATION The European Eco-Management and Audit Scheme and its revision (by Gilles Vincent – Annex 3)

Revision of the EMAS regulation: The background and the principles concerning the revision of the EMAS regulation were presented. The revision of the EMAS regulation started in 2006, based on the assumption that EMAS leads to good levels of environmental performance. However, its uptake remains low. In the revision process, it was endeavoured not to weaken the legal compliance aspect while raising at the same time the attractiveness of the scheme. The adopted document will undergo legal "clean-up", which involves mostly editorial work and should not modify the substance. Then it will be translated into all EU languages and will go back to the Council for formal approval and may be published in the OJ by the end of the year.

Sectoral reference documents: The reasons behind the introduction of this new concept of reference documents are to safeguard the voluntary character of EMAS and to help organisations better focus on the most important environmental aspects in a given sector. Nothing in the reference documents will be mandatory. It is expected that they will be used as a guide for organisations who may incorporate elements of these documents to their management system. Verifiers should use the documents to refine their approach when they are auditing an organisation.

Other elements of the revised EMAS regulation: "EMAS global" will allow registration of non-EU based organisations. In this context, the Sectoral reference documents will be instrumental for verifiers and competent bodies to assess whether organisations outside the EU meet the environmental performance standards acceptable inside the EU. The "Corporate registration" and the "Cluster approach" are two additional tools aimed at increasing the attractiveness of the scheme. Regarding reporting requirements, the use of core performance indicators has become mandatory.

Comments from the EC: The EC appreciated the diversity of the workshop audience with respect to countries of origin and expertise, and confirmed its commitment to EMAS. Sectoral reference documents can go beyond the EMAS regulation and be used by non-EMAS registered organisations that might see it as a reference. The contribution of the stakeholders is critical for this pilot project to determine how the Public Administration and Retail Trade documents will look in the future and also for the other sectoral reference documents to follow.

DISCUSSION

EMAS and Public Procurement: in the revised regulation there are two references regarding public procurement. It is stated that Member States "shall consider how registration under EMAS can be taken into account in public procurement and purchasing" (Article 38). Moreover, the EC and other Community institutions and bodies shall refer to EMAS or other EMS when establishing contract performance conditions (Article 43). These two references establish that a link between EMAS and public procurement will be possible; even if there is no commitment or legal obligation.

Status of the reference documents: The reference documents will be adopted by comitology by the EC and published in the OJ. As such they will have a legal standing under the EMAS regulation. According to the provisions of the regulation the reference documents shall have

to be taken into account when available by sector, by the organisations when preparing for registration and by verifiers. All recommendations adopted before will no longer be applicable (e.g. existing guidance for indicators, environmental statements and others). What is required will be considered under EMAS3 and eventually inserted in the user guide.

3. PRESENTATION Overview of EMAS in the retail trade sector (*Annex 4*)

Retail Trade is a relatively under-represented sector in EMAS, but a very important sector in the EU-27 economy. Germany, Spain and Italy are the countries with the highest numbers of registrations under EMAS. Small, medium and large companies are all present in the registrations. Among the large Retailers Alcampo, Quelle and Leroy Merlin can be found. Among the small retailers, an interesting example is "Las Ventas" municipal market which won the 2006 EMAS award in the micro-enterprise category.

DISCUSSION

Reasons for selecting the Retail sector as pilot:

- The SCP/SIP (Sustainable Consumption and Production and Sustainable Industrial Policy) action plan is one of the instruments used to encourage Member States, producers and consumers to develop more sustainable consumption patterns. The retail sector has great potential to contribute to it and EMAS is seen as a tool to materialise this contribution.
- The retail reference document is expected to be used by retailers beyond the EMAS community. Even if these retailers do not use the document as a guideline for implementing their own EMS, they may use it as a comparative reference. Hence, the number of potential users of the documents is very high.
- During the present pilot phase, the methodology for the development of the future reference documents is being tested. It is desirable to test diverse sectors facing different environmental challenges. In the same line, two more pilot sectoral documents are to be developed in the near future for the Construction and the Tourism sectors.

Finally, a more systematic approach is being developed to prioritise between sectors, based on an analysis of their environmental impact and their improvement potential. It is expected that the first results from this approach will be available by the end of 2009.

EMAS versus product information for consumers: consumers base their purchasing decisions on information about products and not on information about the EMS of the retail company. However, EMAS and also other EMS, are not designed as a consumer information instrument or a product communication tool, but an internal management tool. Additionally it can be used in business to business relations upstream or downstream in the supply chain. Finally, shareholders are increasingly asking for information about the environmental practices of retail companies and EMAS can provide a means to efficiently communicate with them.

EMAS benefits for Retailers: EMAS/other EMS are highly beneficial for retail companies during the first years of implementation. This is due to the fact that all easily achieved performance improvements are used up. The contribution of the verifier as an external auditor is very important during that stage. Some retailers believe that afterwards it is possible for the company to continue running the system on its own, since there are no more visible benefits. For others, external auditing is very important as proof of their credibility or because they believe in the intrinsic value of an independent third party verification.

Registrations in different MS: Registrations under EMAS increase especially where incentives are provided by Member States. These incentives take the form of financial or regulatory benefits.

Environmental legislation: Environmental legislation focused, until now, primarily on the industrial sector. However, the current understanding of environmental issues points out that consumption patterns heavily affect the environment. Environmental authorities are bound to require in the future that all actors contribute more to sustainable consumption (e.g. mandatory labelling of products, mandatory disclosure of the carbon footprint of a company). In this context EMAS is seen as a complementary policy instrument allowing companies to assess their environmental aspects and impacts beyond what is legally required. In other words, the retail sector can use EMAS to minimise/limit its environmental footprint and influence consumption patterns.

4. PRESENTATION Common environmental issues in the retail trade sector (Annex 5)

The environmental aspects of the retail sector can be subdivided into direct aspects, related to the activities managed within the boundaries of the retail company only, and indirect, related to activities of the sector's suppliers (production and wholesale), service providers and customers. The various sectors of the supply chain, including the retail sector are analysed with respect to their inputs (raw materials, energy, water and chemicals) and outputs (wastes and products). This generic approach is valid for every sector; however, each sector and its subsectors face different key environmental issues. The main direct aspects of the retail sector are the following: refrigeration, lighting, heating, air-conditioning, transportation and waste generation. On the consumption side, important aspects are the generation of post-consumer waste and the importance of recycling and re-use of products, together with transportation. In conclusion, the direct aspects of the sector are considerably well identified, whereas the indirect aspects related to specific products are more challenging to tackle given the variety of products available in the sector. Links to consumers and their behavioural patterns on the other side of retail is another important challenge.

DISCUSSION

Direct versus Indirect aspects: The direct aspects (or in-shop aspects) relate to about 10 – 20% of the environmental impacts of retail including its supply chain, according to life cycle assessment data. This means that the main impacts arise through the indirect aspects of retail. These aspects are far more difficult to tackle especially due to the extremely high number of products sold by retailers. The reference documents should give guidance on how to judge the significance of the environmental aspects including indirect ones, in order to identify and focus on the more important ones.

Understanding of consumption: Consumption, its environmental aspects and its interaction with the retail sector have been presented in the background document of the workshop. However it is important to elaborate more this part of the document, especially using input from the social sciences. Habits, traditions, cultural issues can be used to detail the understanding of consumption behaviour. Consumption can be seen as a three-step process: purchasing decision, use phase, disposal.

Important conclusions: The background document presented the environmental aspects of the retail chain based on a material flow approach. The general approach was accepted. Suggestions to improve the analysis of the aspects included to further elaborate the consumption side and to detail product transformation occurring inside the retail sector.

5. PRESENTATION Techniques used in the retail trade sector to address common issues (*Annex 6*)

There is already a lot of information on techniques applied in the retail trade sector. They can be grouped according to the added value chain starting with the supply chain followed by transport and logistics, the direct aspects (storage and distribution facilities, stores) and the aspects related to the consumers. In the draft document sent to the workshop participants prior to the meeting, six techniques are described as examples reflecting the whole added value chain. The techniques are considered to be the heart of the reference documents.

The following structure on how to describe the techniques, integrating all the relevant aspects was presented. The structure should be universal, i.e. it should be able to accommodate the specificities of all possible techniques:

- Description
- Achieved environmental benefit
- Environmental indicators
- Cross-media effects
- Operational data
- Applicability
- Economics
- Driving force for implementation
- Reference organisations
- Reference literature

DISCUSSION

Techniques covering the whole added value chain: Some contributions pointed out that it is easier to concentrate on the direct aspects than on the indirect aspects, especially with respect to the supply chain. The supply chain has the biggest environmental impact but it is very diverse covering thousands of different products as well as suppliers or sequences of suppliers. It may also cover the efficiency at product manufacturing level such as specific values for water and energy consumption as well as emission factors for certain pollutants or parameters. The choice of raw materials may be also considered, where needed.

It was also indicated that a retailer needs a certain size to be in the position to influence its supply chain.

From the verifier's point of view, it may be challenging to check the supply chain related aspects.

It is stressed that the techniques are never prescriptive and usually they cannot just be copied from one retailer to another. Based on existing examples, the information on applicability may provide guidance regarding under which conditions or circumstances a certain technique may be used and with which environmental benefits.

The structure for the description was well received. It should allow practical usable advice also to smaller organisations and those retailers which have just started to introduce an environmental management system or intend to do so. As a consequence, the description should be appropriately detailed.

The idea of prioritising certain techniques according to prevention first and minimisation/control second was also presented.

All of the participants are ready to provide information or help check submitted information.

Link to other policies or instruments: Among the workshop participants it was commonly understood that reference documents ought to be linked to existing policies or instruments, where needed, such as eco-labels, product declarations, REACH, etc. and to achieve synergies and coherence related to other approaches, schemes or instruments.

General suggestions or comments: It was recommended to take the activities of the Global Reporting Initiative (GRI) into account.

Important Conclusions: The structure proposed for the description of the techniques was well received. The description of the techniques need to be detailed in such a way that the information can be used in practice, both for small and large retailers. For this purpose, the elaboration of the reference document requires detailed technical information. All of the participants are prepared to submit the information concerned and to support the development of the document.

6. PRESENTATION Environmental Performance Indicators and Benchmarks *(Annex 7)*

The reference document will contain environmental indicators and benchmarks, where appropriate, for the retail trade sector. However, before evaluating best practice with respect to a benchmark, some fundamental questions should be answered, since benchmarks can be defined using different approaches. They can vary from the best performance achievable or achievable by very few (in which case they may be called benchmarks of excellence) to current/potential average in the retail trade sector. Another issue when designing benchmarks relates to the relative success or failure achieved with respect to it. It is in fact not informative to use a very ambitious benchmark (example of the individual carbon footprint compared with a given reduction target) that is systematically not reached. It is more informative for the benchmark to be defined as a current average (example of the carbon footprint compared with the national average), however this approach fails to clearly indicate best practice.

In summary, benchmarks should:

- Inform on what is potentially achievable under certain circumstances
- Allow to form an opinion on the performance of the organisation

- Be meaningful with respect to environmental impact

Benchmarks and indicators should be used to compare between organisations at specific activity or unit operation level and not at organisation level.

DISCUSSION

Approach to derive benchmarks: Benchmarks are very important to follow continual improvement. All of the retailers present at the workshop pointed out that benchmarks should reflect best environmental performance which may not mean the best of the best. In reality, it is almost impossible to belong to the best performers' group with respect to all direct and indirect environmental aspects.

It is very difficult to have benchmarks on the level of an entire organisation or a whole site of an organisation because of individual circumstances, even in the case of organisations with similar activities (e.g. mail order companies). Consequently, a benchmark is more useful on a process or specific activity level.

There are benchmarks which may not allow for comparison of different organisations or different sites of an organisation but which are useful to follow a continual improvement of a certain organisation or a site of an organisation.

Some benchmarks may not be used because of confidentiality problems, e.g. benchmarks with a specific link to company economic information.

Suggestions/Comments: Benchmarks with respect to the supply chain are difficult to derive. On an organisation level, it is almost impossible to achieve comparability, e.g. if the IT sector is outsourced, the energy consumption may decrease by 10 %, but such details are usually not reported.

There may be the need to adapt benchmarks to new developments. As the reference documents will be revised after some time, new developments can be taken into consideration.

It is recommended to look at the existing approaches for the development of benchmarks in the retail sector but also in other sectors.

It was further recommended to have a close dialogue with the Retail Forum which has been recently established.

Important Conclusions: It was stressed several times that the reference documents shall be a help to organisations having EMAS or another kind of environmental management system. They are advisory and do not have a mandatory character.

It is important to derive benchmarks and it is most promising to derive them for specific activities (at the process level) rather than for whole organisations or whole sites of an organisation.

Benchmarks may represent the best environmental performance which is a level higher than average but less than 'the best of the best'.

Close dialogue should be held with the Retail Forum.

7. PRESENTATION Possible structure of EMAS reference documents (*Annex 8*)

The following structure has been proposed:

- Executive Summary
- Preface
- Scope
- General Information
- Available Techniques Reflecting Best Management Practice
- Emerging Techniques/Approaches
- Conclusions

DISCUSSION

Reasons for including company names in the reference document: the company names of retailers are given as reference related to the implementation in the field of a certain technique. Firstly, this enhances the credibility of the document since it gives to readers a means to check the veracity of the reported information. Secondly, it allows stakeholders to use the reference to find more detailed information about the technique in question.

General suggestions: A common preface should be used for all documents for consistency purposes. The preface may even be proposed as a separate document, in order to keep the length of each core reference document shorter. There is no need to provide extensive statistical information, since it is quickly outdated and it is of minor interest to retailers. Data on the economics of the techniques which were not available in the current draft should be highlighted in future drafts.

Links with sustainability: in the introduction chapter, a link to the three pillars of sustainability should be made. For example, in the supply chain, economic aspects should be considered together with social ones (e.g. working conditions) as well as transportation and its related environmental impact by retailers before reaching a purchasing decision.

Link between the sectoral document and the EMAS guide: elements of the scheme which are common for all sectors would better be placed in the guide instead of being repeated in each reference document (e.g. working principles of EMS). An easy-to-use link should be established between the sectoral documents and the guide. The guide should clearly explain which part of the EMS activities is covered by the sectoral documents.

8. PRESENTATION Way Forward/Information Gathering (*Annex 9*)

One of the goals of the pilot project is to test the methodology for developing the reference documents and assign a role to the different stakeholders. The methodology and the related structure of the document need to fit all sectors to obtain a homogenous outcome. Two possible ways forward were described. The "desk approach" whereby the author/editor of the document collects and evaluates all the information by desk research and eventually by using

questionnaires, telephone interviews and visits to selected sites. In this approach the author uses his or her own judgment and bears all of the responsibility for the outcome. The "information exchange" approach, whereby the role of experts/stakeholders of the retail trade sector is primordial. The tools of the "desk approach" may still be used to start the work. The advantages of information exchange are clear: information comes directly from the field, views are exchanged and consensus is promoted. The outcome is then under the responsibility of the whole stakeholder group, together with the author.

DISCUSSION

Suggestions/Comments: All of the participants expressed their willingness to contribute to the development of the reference document by providing information and/or peer reviewing drafts and/or any other kind of support. Most of the retailers do not have EMAS but other kinds of environmental management systems and are ready to provide information especially with respect to relevant environmental issues and the available techniques reflecting best management practice. The European Retail Round Table has a wide range of material available and is ready to share it with respect to the development of the reference document.

Conclusions on the way Forward/Information Gathering: The following roadmap was agreed upon:

- All stakeholders are prepared to submit information on techniques used in the retail trade sector to support the development of the pilot reference document. The submission of information is not limited to EMAS organisations but any other retailer having any other environmental management system may also send contributions.
- The techniques will be incorporated to the current document by IPTS following the agreed upon structure, taking into account the comments made by the group
- The improved document will be sent back to the stakeholder group for peer review to produce a final pilot text

During this pilot phase, the exchange of information and related documents will be restricted to the participants of the workshop.

Any confidentiality request will be respected and, where necessary, information from various retailers will be kept anonymous.

GENERAL CONCLUSIONS

EMAS is an important element of the Sustainable Consumption and Production Action Plan. The Reference Documents according to Article 46 of the new EMAS regulation shall be a help for the organisations concerned. They shall be taken into account and this should be checked by the verifiers. However, the reference documents are not prescriptive but advisory and informative. They will be adopted by comitology procedure with parliamentary scrutiny.

The general approach to develop reference documents, together with the proposed structure for the document and for the presentation of the techniques was accepted by the participants

of the workshop. The chapter on techniques which reflect best management practice is clearly the heart of the document. These techniques and the related indicators of environmental performance are a scientifically robust way of comparing performances but only at the process/unit operation level. It does not seem feasible or scientifically sound to compare performances at organisation level.

The derivation of benchmarks is a delicate issue. These benchmarks have a role to play in promoting environmental goal-setting but they should be used with prudence.

With respect to the techniques, the whole added value chain of the retail trade sector shall be considered.

All of the participants express their willingness to provide information or to support the development of the pilot reference document in some way such as:

- examples of best environmental management practices
- information on environmental indicators and/or benchmarks
- case studies
- environmental statements
- any other information which is considered to be useful for the purpose of the development of the reference document for the retail trade sector
- peer review and commenting on draft documents

The submission of information is not limited to EMAS organisations but any other retailer having any other environmental management system may also send contributions.

The way forward for the development of the pilot document will be based on an information exchange between stakeholders. The drafted document will be peer reviewed by the restricted group of the participants of the workshop to produce a final pilot reference document for the retail trade sector.

Annex 1: list of participants

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