

## ENVIRONMENTAL PROTECTION AGENCY

[FRL-5636-4]

### Code of Environmental Management Principles

**AGENCY:** Environmental Protection Agency.

**ACTION:** Announcement of EPA's Issuance of the Code of Environmental Management Principles for Federal Agencies.

**SUMMARY:** This notice serves as a public announcement of the issuance of the Code of Environmental Management Principles or the CEMP developed by EPA in consultation with other Federal Agencies as mandated by Executive Order 12856 ("Federal Compliance With Right-to-Know Laws and Pollution Prevention Requirements") signed by President Bill Clinton on August 3, 1993. On September 3, 1996, EPA transmitted the CEMP to Federal agency executives who signed the Charter for the Interagency Executive Order 12856 Pollution Prevention Task Force in September 1995, requesting written commitment to the principles contained in the CEMP. EPA also is asking Federal agency executives to provide a written statement declaring their agency's support for the CEMP principles along with a description of the agency's plans for implementation of the CEMP at the facility level.

**DATES:** EPA has asked for written responses from Federal agency executives by October 1, 1996.

Extensions to requesting agencies have been granted to October 18, 1996. EPA plans to issue a summary of agency responses in January 1997.

**FOR FURTHER INFORMATION CONTACT:**

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**SUPPLEMENTARY INFORMATION:**

I. Explanation of the CEMP

A. *Background*

EPA believes that leadership opportunities in environmental management should be fully realized for the Federal agencies and departments throughout the U.S. Government. American citizens and other stakeholder

groups have increasingly sought a more responsible standard of care toward the environment from various sectors of industry and other private organizations. In response, more and more companies and trade associations have begun initiatives that call for identifying their environmental impacts, measuring their successes in meeting environmental objectives, sanctioning shortcomings, recognizing accomplishments, and making continuous improvement. Recently the growing popularity of national and international consensus based environmental management standards among industry demonstrates this trend. However, the public has also demanded that the Federal Government and its agencies and departments, also demonstrate a commitment to a common environmental ethic. EPA believes that if the Federal Government is willing to make a public commitment to voluntarily adopt an appropriate code of environmental ethics or conduct, which is at least equivalent to the commitment demonstrated by environmental leaders in the private sector, and hold itself accountable for implementing these principles, then significant progress can be made toward improving public trust and confidence toward Federal facility environmental performance.

On August 3, 1993, President Clinton signed Executive Order No. 12856, which pledges the Federal Government to implement pollution prevention measures, and publicly report and reduce the generation of toxic and hazardous chemicals and associated emissions. Section 4-405 of Executive Order 12856 requires the Administrator of the Environmental Protection Agency (EPA), in cooperation with Federal agencies, to establish a Federal Government Environmental Challenge Program. Similar to the "Environmental Leadership" program proposed in 1993 by EPA's Office of Enforcement, the program is designed to recognize and reward outstanding environmental management performance in Federal agencies and facilities. As required under the Executive Order, the program shall consist of three components to challenge Federal agencies to: (1) Agree to a code of environmental principles emphasizing pollution prevention, sustainable development, and "state of the art" environmental management programs; (2) submit applications to EPA for individual Federal facilities for recognition as "Model Installations"; and (3) encourage individual Federal employees to demonstrate outstanding leadership in pollution prevention. The

program is geared toward recognizing those departments, agencies, and Federal installations where mission accomplishment and environmental leadership become synonymous and to highlight these accomplishments as models for both Federal and private organizations.

On September 12, 1995, senior agency representatives signed the Charter for the Interagency Pollution Prevention Task Force committing the Federal Government to achieve, among other items, environmental excellence through various activities including: (a) Active agency and facility participation in the Federal Government Environmental Challenge Program and, (b) participation in the establishment of an agency Code of Environmental Management Principles.

EPA has been working to develop the CEMP through the Interagency Pollution Prevention Task Force, which was created by the Executive Order, since January 1995. In June 1995, a subcommittee of Federal agency representatives was formed by the Task Force to work directly with EPA in the development of the CEMP. Through this process, several drafts of the CEMP were forwarded to Federal agencies by the subcommittee for formal review and comment. This version of the CEMP represents the final version as approved by the subcommittee and incorporates comments from members of the Interagency Task Force.

On September 3, 1996, Steve Herman, the EPA Assistant Administrator for Enforcement and Compliance Assurance, signed a letter transmitting the CEMP to the Federal agency executives who had signed the Charter for the Interagency Executive Order 12856 Pollution Prevention Task Force in September 1995, requesting written commitment to the Principles contained in the CEMP. In this letter, EPA also asked each agency to provide a written statement declaring their support for the CEMP principles at the agency level along with a description of their plans for implementation of the CEMP at the facility level.

EPA is seeking endorsement of the CEMP Principles on an agency wide basis, with flexibility as to how the Principles themselves are implemented at the facility level. For example, agencies can choose to directly implement the CEMP Principles at the facility level or use another alternative environmental management system (e.g., ISO 14001). This flexible approach is in recognition that of the fact that individual Federal facilities and installations may already have environmental management systems in

place or are considering adoption of the ISO 14001 Environmental Management Standard.

It is also important to point out that the term "agency" is used throughout the CEMP to represent the participation of individual Federal Government entities. It should be recognized that many Cabinet-level "agencies" have multiple levels of organization and contain independently operating bodies (known variously as bureaus, departments, administrations, services, major commands, etc.) with distinct mission and function responsibilities. Therefore, while it is expected that a "parent agency" would subscribe to the CEMP, each parent agency will have to determine the most appropriate level(s) of explicit CEMP implementation for its organization. Regardless of the level of implementation chosen for the organization, it is important that the parent agency or department demonstrate a commitment to these principles.

With respect to the other two components of the Federal Government Environmental Challenge Program, EPA will merge the E.O. 12856 Model Installation Program with EPA's Environmental Leadership Program (ELP), which is also open to private facilities, when the ELP becomes a full-scale program in 1997. One of the prerequisites for Federal facility participation in the ELP will be agency endorsement of the CEMP principles. In addition, EPA will also the individual employee recognition component of the Challenge Program with the Executive Order 12873 Closing the Circle Awards Program beginning in 1996.

#### B. Overview of the CEMP

Five broad environmental management principles have been developed to address all areas of environmental responsibility of Federal agencies. More discussion of the intent and focus of each principle and supporting elements may be found in the next section, "Implementation of The Code of Environmental Management Principles." The five Principles are as follows:

##### 1. Management Commitment

The agency makes a written top-management commitment to improved environmental performance by establishing policies which emphasize pollution prevention and the need to ensure compliance with environmental requirements.

##### 2. Compliance Assurance and Pollution Prevention

The agency implements proactive programs that aggressively identify and address potential compliance problem areas and utilize pollution prevention approaches to correct deficiencies and improve environmental performance.

##### 3. Enabling Systems

The agency develops and implements the necessary measures to enable personnel to perform their functions consistent with regulatory requirements, agency environmental policies and its overall mission.

##### 4. Performance and Accountability

The agency develops measures to address employee environmental performance, and ensure full accountability of environmental functions.

##### 5. Measurement and Improvement

The agency develops and implements a program to assess progress toward meeting its environmental goals and uses the results to improve environmental performance.

#### II. Implementation of the Code of Environmental Management Principles

Each of the five principles, which provide the overall purpose of the step in the management cycle, is supported by *Performance Objectives*, which provide more information on the tools and mechanisms by which the principles are fulfilled. The principles and supporting *Performance Objectives* are intended to serve as guideposts for organizations intending to implement environmental management programs or improve existing programs. It is expected that each of these principles and objectives would be incorporated into the management program of every organization. The degree to which each is emphasized will depend in large part on the specific functions of the implementing organization. An initial review of the existing program will help the organization to determine where it stands and how best to proceed.

##### *Principle 1: Management Commitment*

The agency makes a written top-management commitment to improved environmental performance by establishing policies which emphasize pollution prevention and the need to ensure compliance with environmental requirements.

##### Performance Objectives

*1.1 Obtain Management Support.* The agency ensures support for the environmental program by management

at all levels and assigns responsibility for carrying out the activities of the program.

Management sets the priorities, assigns key personnel, and allocates funding for agency activities. In order to obtain management approval and support, the environmental management program must be seen as vital to the functioning of the organization and as a positive benefit, whether it be in financial terms or in measures such as regulatory compliance status, production efficiency, or worker protection. If management commitment is seen as lacking, environmental concerns will not receive the priority they deserve.

Organizations that consistently demonstrate management support for pollution prevention and environmental compliance generally perform at the highest levels and will be looked upon as leaders that can mentor other organizations wishing to upgrade their environmental performance.

*1.1.1 Policy Development.* The agency establishes an environmental policy followed by an environmental program that complements its overall mission strategy.

Management must take the lead in developing organizational goals and instilling the attitude that all organization members are responsible for implementing and improving environmental management measures, as well as develop criteria for evaluating how well overall goals are met. The environmental policy will be the statement that establishes commitments, goals, priorities, and attitudes. It incorporates the organization's mission (purpose), vision (what it plans to become), and core values (principles by which it operates). The environmental policy also addresses the requirements and concerns of stakeholders and how the environmental policy relates to other organizational policies.

*1.1.2 System Integration.* The agency integrates the environmental management system throughout its operations, including its funding and staffing requirements, and reaches out to other organizations.

Management should institutionalize the environmental program within organizational units at all levels and should take steps to measure the organization's performance by incorporating specific environmental performance criteria into managerial and employee performance evaluations.

Organizations that fulfill this principle demonstrate consistent high-level management commitment, integrate an environmental viewpoint into planning and decision-making

activities, and ensure the availability of adequate personnel and fiscal resources to meet organizational goals. This involves incorporating environmental performance into decision-making processes along with factors such as cost, efficiency, and productivity.

**1.2 Environmental Stewardship and Sustainable Development.** The agency strives to facilitate a culture of environmental stewardship and sustainable development.

"Environmental Stewardship" refers to the concept that society should recognize the impacts of its activities on environmental conditions and should adopt practices that eliminate or reduce negative environmental impacts. The President's Council on Sustainable Development was established on June 29, 1993 by Executive Order 12852. The Council has adopted the definition of sustainable development as; "meeting the needs of the present without compromising the ability of future generations to meet their own needs".

An organization's commitment to environmental stewardship and sustainable development would be demonstrated through implementation of several of the CEMP Principles and their respective Performance Objectives. For example, by implementing pollution prevention and resource conservation measures (see Principle 2, Performance Objective 2.3), the agency can reduce its negative environmental impacts resulting directly from its facilities. In addition, by including the concepts of environmental protection and sustainability in its policies, the agency can help develop the culture of environmental stewardship and sustainable development not only within the agency but also to those parts of society which are affected by the agency's activities.

**Principle 2: Compliance Assurance and Pollution Prevention.**

The agency implements proactive programs that aggressively identify and address potential compliance problem areas and utilize pollution prevention approaches to correct deficiencies and improve environmental performance.

**Performance Objectives**

**2.1 Compliance Assurance.** The agency institutes support programs to ensure compliance with environmental regulations and encourages setting goals beyond compliance.

Implementation of an environmental management program should be a clear signal that non-compliance with regulations and established procedures is unacceptable and injurious to the operation and reputation of the

organization. Satisfaction of this performance objective requires a clear and distinct compliance management program as a component of the agency's overall environmental management system.

An agency that fully incorporates the tenets of this principle demonstrates maintainable regulatory compliance and addresses the risk of non-compliance swiftly and efficiently. It also has established a proactive approach to compliance through tracking and early identification of regulatory trends and initiatives and maintains effective communications with both regulatory authorities and internally to coordinate responses to those initiatives. It also requires that contractors demonstrate their commitment to responsible environmental management and provides guidance to meet specified standards.

**2.2 Emergency Preparedness.** The agency develops and implements a program to address contingency planning and emergency response situations.

Emergency preparedness is not only required by law, it is good business. Properly maintained facilities and trained personnel will help to limit property damage, lost-time injuries, and process down time.

Commitment to this principle is demonstrated by the institution of formal emergency-response procedures (including appropriate training) and the appropriate links between health and safety programs (e.g., medical monitoring for Federal employees performing hazardous site work).

**2.3 Pollution Prevention and Resource Conservation.** The agency develops a program to address pollution prevention and resource conservation issues.

An organization committed to pollution prevention has a formal program describing procedures, strategies, and goals. In connection with the formal program, the most advanced organizations have implemented policy that encourages employees to actively identify and pursue pollution prevention and resource conservation measures, and instituted procedures to incorporate such measures into the formal program. Resource conservation practices would address the use by the agency of energy, water, and transportation resources, among others. Pollution prevention policies and practices should follow the environmental management hierarchy prescribed in the Pollution Prevention Act of 1990: (1) Source reduction; (2) recycling; (3) treatment; and (4) disposal.

Section 3-301(b) of Executive Order 12856 requires the head of each Federal agency to make a commitment to utilizing pollution prevention through source reduction, where practicable, as a primary means of achieving and maintaining compliance with all applicable Federal, State and local environmental requirements.

**Principle 3: Enabling Systems**

The agency develops and implements the necessary measures to enable personnel to perform their functions consistent with regulatory requirements, agency environmental policies and its overall mission.

**Performance Objectives**

**3.1 Training.** The agency ensures that personnel are fully trained to carry out the environmental responsibilities of their positions.

Comprehensive training is crucial to the success of any enterprise. People need to know what they are expected to do and how they are expected to do it. An organization will be operating at the highest level when it has an established training program that provides instruction to all employees sufficient to perform the environmental aspects of their jobs, tracks training status and requirements, and offers refresher training on a periodic basis.

**3.2 Structural Supports.** The agency develops and implements procedures, standards, systems, programs, and objectives that enhance environmental performance and support positive achievement of organizational environmental and mission goals.

Clear procedures, standards, systems, programs, and short- and long-term objectives must be in place for the organization to fulfill its vision of environmental responsibility. A streamlined set of procedures, standards, systems, programs, and goals that describe and support the organization's commitment to responsible environmental management and further the organization's mission demonstrate conformance with this principle.

**3.3 Information Management, Communication, Documentation.** The agency develops and implements systems that encourage efficient management of environmentally-related information, communication, and documentation.

Information management, communication, and documentation are necessary elements of an effective environmental management program. The need for advanced information management capabilities has grown significantly to keep pace with the

volume of available information to be sifted, analyzed, and integrated. The ability to swiftly and efficiently digest data and respond to rapidly changing conditions can be key to the continued success of an organization.

Organizations adopting this principle have developed a sophisticated information gathering and dissemination system that supports tracking of performance through measurement and reporting. They also have an effective internal and external communication system that is used to keep the organization informed regarding issues of environmental concern and to maintain open and regular communication with regulatory authorities and the public. Those organizations operating at the highest level ensure that employees have access to necessary information and implement measures to encourage employees to voice concerns and suggestions.

#### *Principle 4: Performance and Accountability*

The agency develops measures to address employee environmental performance, and ensure full accountability of environmental functions.

#### Performance Objectives

**4.1 Responsibility, Authority and Accountability.** The agency ensures that personnel are assigned the necessary authority, accountability, and responsibilities to address environmental performance, and that employee input is solicited.

At all levels, those personnel designated as responsible for completing tasks must also receive the requisite authority to carry out those tasks, whether it be in requisitioning supplies or identifying the need for additional personnel. Similarly, employees must be held accountable for their environmental performance. Employee acceptance of accountability is improved when input is solicited. Encouraging employees to identify barriers to effective performance and to offer suggestions for improvement provides a feeling of teamwork and a sense that they control their own destiny, rather than having it imposed from above.

**4.2 Performance Standards.** The agency ensures that employee performance standards, efficiency ratings, or other accountability measures, are clearly defined to include environmental issues as appropriate, and that exceptional performance is recognized and rewarded.

Organizations that identify specific environmental performance measures

(where appropriate), evaluate employee performance against those measures, and publicly recognize and reward employees for excellent environmental performance through a formal program demonstrate conformance with this principle.

#### *Principle 5: Measurement and Improvement:*

The agency develops and implements a program to assess progress toward meeting its environmental goals and uses the results to improve environmental performance.

#### Performance Objectives

**5.1 Evaluate Performance.** The agency develops a program to assess environmental performance and analyze information resulting from those evaluations to identify areas in which performance is or is likely to become substandard.

Measurement of performance is necessary to understand how well the organization is meeting its stated goals. Businesses often measure their performance by such indicators as net profit, sales volume, or production. Two approaches to performance measurement are discussed below.

**5.1.1 Gather and Analyze Data.** The agency institutes a systematic program to periodically obtain information on environmental operations and evaluate environmental performance against legal requirements and stated objectives, and develops procedures to process the resulting information.

Managers should be expected to provide much of the necessary information on performance through routine activity reports that include environmental issues. Performance of organizations and individuals in comparison to accepted standards can also be accomplished through periodic environmental audits or other assessment activities.

The operation of a fully-functioning system of regular evaluation of environmental performance along with standard procedures to analyze and use information gathered during evaluations signal an organization's conformance with this principle.

**5.1.2 Institute Benchmarking.** The agency institutes a formal program to compare its environmental operations with other organizations and management standards, where appropriate.

"Benchmarking" is a term often used for the comparison of one organization against others, particularly those that are considered to be operating at the highest level. The purpose of Benchmarking is twofold: first, the

organization is able to see how it compares with those whose performance it wishes to emulate; second, it allows the organization to benefit from the experience of the peak-performers, whether it be in process or managerial practices.

Benchmarking against established management standards, such as the ISO 14000 series or the Responsible Care program developed by the Chemical Manufacturers Association (CMA), may be useful for those agencies with more mature environmental programs, particularly if the agencies' activities are such that their counterparts in the private sector would be difficult to find. However, it should be understood that the greater benefit is likely to result from direct comparison to an organization that is a recognized environmental leader in its field.

**5.2 Continuous Improvement.** The agency implements an approach toward continuous environmental improvement that includes preventive and corrective actions as well as searching out new opportunities for programmatic improvements.

Continuous improvement is approached through the use of performance measurement to determine which organizational aspects need to have more attention or resources focused upon them.

Continuous improvement may be demonstrated through the implementation of lessons learned and employee involvement programs that provide the opportunity to learn from past performance and incorporate constructive suggestions. In addition, the agency actively seeks comparison with and guidance from other organizations considered to be performing at the highest level.

#### IV. Responses From Federal Agencies and Departments

EPA is requesting Federal agencies to provide a brief written statement declaring the agency's support for the CEMP Principles along with a concise explanation of how the agency plans to implement the CEMP at the facility level. To implement the CEMP the agency may choose to employ voluntary environmental management standards developed by national or international consensus groups or by industry trade associations as long as the spirit of the CEMP is evidenced by those chosen standards. At this time, EPA is seeking agency level commitment to the CEMP.

EPA recognizes that many Federal agencies may have already begun development of environmental management systems or have chosen to implement a particular environmental

management standard at their facilities. EPA recommends that these agencies leverage the work that has already been accomplished, and perform some comparative or gap analysis between the existing environmental management system, program or standard and the CEMP to ensure that the principles of the CEMP are fully implemented. Therefore the CEMP can be implemented concurrently and not in addition to the work that is already being performed at the agency.

Dated: September 23, 1996.

Steven A. Herman,

*Assistant Administrator for Enforcement and Compliance Assurance.*

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