

DRAFT FOR COMMENT 4-20-01

•
ANNOUNCEMENT

SUSTAINABLE PRODUCTS PURCHASING
COALITION PILOT PROGRAM

Supported by

The City of Portland, Oregon



e

ENVIRONMENTAL DEFENSE

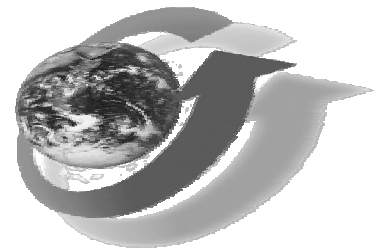
finding the ways that work



**GLOBAL
GREEN
USA**

NIST

National Institute of
Standards and Technology



*Zero Waste
Alliance*



PHILIPS



**SUSTAINABLE
PRODUCTS**
CORPORATION®

ANNOUNCEMENT OF SUSTAINABLE PRODUCTS PURCHASING CATEGORIES PILOT PROGRAM

Introduction & Expected Benefits

After evaluating the feasibility and benefits since August 2000, the City is announcing today Sustainable Products Purchasing Categories as a Pilot Program used as guidance for City product acquisitions. The Categories are attached to this announcement. Vendors/manufacturers can participate in the Sustainable Products Purchasing Category or the Sustainable Products Components Purchasing Category. Sustainable products in toto can qualify as well as sustainable product components individually. Also, any product purchased by the City can qualify and the tools specified in this announcement apply to them all.

Participation by City vendors is voluntary. The City is also accepting written comments on this approach that should be sent to the City's _____. This Program is supported by Global Green, Environmental Defense, Certified Forest Products Council, Organic Trade Association, Forbo Linoleum, Philips Lighting, Milliken Carpet, Herman Miller Furniture, and other Members of the Institute for Market Transformation to Sustainability (MTS).¹

Sustainable products and components are defined as those products and their components providing *Sustainable products* are those products providing environmental, social and economic benefits, and protecting the needs of future generations, public health, welfare, and environment over their full commercial cycle, from the extraction of raw materials to final disposition. Sustainable products increase corporate profits while enhancing society as a whole, because they are cheaper to make, have fewer regulatory constraints, less liability, can be introduced to the market quicker, and are preferred by the public.²

The City is conducting this pilot due to the substantial anticipated benefits³ to residents, global health and environment, the economy, and participating vendors/manufacturers including:

- Improved human health & environment
- Increased pollution prevention
- Reduced climate change & acid rain, & improved air quality
- Conserved water & improved water quality
- Increased waste reduction, reuse, & recycling
- Preserved & restored habitat
- Improved social equity over the product's life cycle
- Saved energy & increased green power
- Increased profits throughout the product's life cycle to participating suppliers, manufacturers, wholesalers and retailers
- Improved product market position, e.g., increased share & good will

- Increased product value
- Reduced environmental & social liability, and associated costs for transactions, regulatory compliance, raw materials extraction, & manufacturing
- Increase worker productivity
- Reduced product time to market
- Improved product design

How Purchasing Sustainable Products Benefits Society

We can identify an example of potential benefits of the approach announced by the City today. If this approach had been used for fuels, many groundwater and drinking water contamination problems throughout the State may have been avoided. The fuel additive MTBE has contaminated groundwater all over the State and the nation from leaking tanks, ruptured pipelines, and spillage. It was added to gasoline to reduce smog, but now it is being banned by States and the federal government due to its toxicity and highly penetrating nature. If MTBE was evaluated for its sustainability, its adverse impacts could have been recognized and a better solution obtained such as the MTBE substitutes now being considered.

The City is using several approaches in evaluating products for this Pilot that identify many environmental and social equity benefits. The first is environmental life cycle assessment (LCA) of the individual product using tools complying with ISO 14040 Principles and quantifying the following 10 environmental benefits/impacts of the product over its life cycle from raw materials acquisition to final use:

- Climate Change
- Acid Rain
- Water Pollution
- Resource Depletion
- Indoor Air Quality
- Stratospheric Ozone Depletion
- Solid Waste
- Smog
- Ecological Toxicity
- Human Toxicity
- Habitat Alteration (being added as the 11th category based on work by EPA and the National Institute of Standards & Technology (NIST)).

These 10 benefits/impacts have been identified by EPA, States, and in international agreements as ones that are required to be addressed. *They are all important and thus given equal weight.*

Another tool or guide selected and required for use by the City in this Pilot is the *Global Reporting Initiative* Social Benefit Indicators.⁴ Vendors/manufacturers must report on these indicators on a company-wide basis to the City and the results will be

available for public inspection upon request. The City is not publishing these results because they are not as evolved as the LCA tools and some of the indicators are subjective. However, the City believes they are the best consensus indicators available and their completion shows a vendor's commitment to sustainable products and providing essential information relating to the social benefits requirement of sustainable products.⁵

Economic benefits accrue from this Program because use of sustainable products reduces global health and ecological costs to society, and are more profitable to vendors and manufacturers than conventional products.⁶

Life Cycle Assessment Tool Requirements and Selection

Any LCA tool used in evaluating sustainable products by the City must comply with the following prerequisites to ensure the most accurate result:

1. It must have been publicly reviewed and validated.
2. It must conform with ISO 14040 LCA Principles including:
 - addressing the environmental impacts of products over their full life cycle from raw materials extraction to final disposition,
 - disclosing assumptions and documenting data sources
 - making the methodologies and output of LCA studies be transparent
3. If the tool has not been prepared by government or a nonprofit public charity, it must be certified by an independent third party to ensure it contains minimal bias, maintains high quality, and serves the public interest.
4. It must cover the 10 environmental impacts identified above.
5. It must use impact assessment and assumptions based on the State and EPA rules, international agreements, and consensus standards over the life cycle of the product as set forth in the APPENDIX, which is available upon request. *The APPENDIX has been prepared:*
 - so the public, including Vendors/manufacturers, better understand why and how LCA impacts are identified and thus the benefits of doing so;
 - to identify clear and itemized specifications for benefits/impact assessment; and
 - to allow the City to have a method for sustainable products purchasing consistent with State, federal and international law requiring the use of competent scientific evidence and life cycle assessment.

The City selected and is using the NIST LCA tool funded by NIST, EPA and HUD, because it best meets the requirements above. This tool is in its second version and is known as *Building for Environmental and Economic Sustainability (BEES)* and

uses the respected LCA methods and extensive LCA data and developed by Ecobalance/PricewaterhouseCoopers. Included in NIST's public review of the tool has been its *LCA Technical Manual and User Guide* providing all regulatory assumptions for determining products' environmental impacts over their life cycle. BEES has broad public support:

1. It was selected as the only LCA tool recommended for use by public agencies in the environmentally preferable product purchasing program published in the federal register, and
2. An Oct. 17, 2000 letter from the Certified Forest Products Council to HUD commends BEES:

[We] believe their [NIST's] work is important and provides a significant contribution to the changing marketplace dynamic in support of sustainability initiatives. The Certified Forest Products Council (CFPC) is a voluntary, not for profit business initiative committed to helping the housing industry specify and use environmentally responsible forest products. CFPC environmental partners include the Forest Stewardship Council (FSC), National Audubon Society, Natural Resources Defense Council, Rainforest Alliance, The Wilderness Society, World Wildlife Fund, and World Resources Institute.

We believe that specifying FSC Certified Wood, using alternative products, and employing under-utilized wood species expands housing design options, extends the forest resource, and lowers cost. Others in the housing community agree – Kaufman & Broad, one of the largest builders of affordable homes in the US, made a commitment in April to use FSC Certified Wood; Home Depot and Lowes, the largest retailers of wood in the world, have also made commitments to FSC Certified Wood. CFPC and its environmental partners are working with these and many other businesses in developing their wood purchasing policies, avoiding endangered forests, improving process efficiencies, and advocating appropriate alternative uses. LCA and use of BEES is an important resource in support of these commitments.

We are familiar with the NIST BEES program. BEES is the only tool in the US that measures and balances life cycle environmental and economic performance in a way we and our customers can understand. While all product manufacturers would like their customers to think their products outperform the competition on all aspects of environmental and economic performance, the reality is that there are almost always tradeoffs. BEES highlights these tradeoffs, and, in so doing, levels the playing field for all of us. Finally, with the heated debate among manufacturers over the environmental performance of their materials, it is key that performance metrics be developed and delivered by an institution like NIST that is known for its credible, unbiased, science-based results. We're particularly pleased that NIST is working on adding a measure for habitat alteration to its BEES tool.

Manufacturers have used LCA for over 15 years to improve product design and it has been standardized by ASTM and ISO. It is required by the Attorneys General,⁷ Federal Trade Commission (FTC),⁸ and EPA⁹ when communicating to the public multiple environmental attributes of products. The reason is because it provides the most accurate environmental impact information, is not misleading to the public, and avoids "greenwash" or overstated or undocumented environmental benefits of products that can violate local, state, federal, and international environmental law and law governing truth in advertising.

No Costs to the City, Quality Control, & Manufacturers' Questionnaire

Costs to vendors/manufacturers for preparing the LCA assessment average about \$10,000/product which the City believes provides substantial value even for small manufacturers by identifying the environmental impacts of manufacturers' products which both participating and non-participating manufacturers can use to improve the environmental design of its products. The questionnaire takes 20-40 hours to complete. Environmental impacts are shown over all stages of the product:

- raw materials extraction
- manufacturing
- installation, use, transportation, and
- end of life (reuse or disposal)

The City will update this Program as needed but no less than every three years to incorporate new developments and advancements in assessment capabilities.

Procedure for Vendors/Manufacturers to Participate

Participating vendors/manufacturers must obtain and complete the LCA questionnaire. Where any type of LCA has already been conducted, these reports can be used in this process to avoid any redundancy. The LCA questionnaire, *LCA Questionnaire User Guide*, and other background information are available from the web site of the Sustainable Products Corporation (SPC) which is working with NIST and helping manufacturers with the questionnaire www.sustainableproducts.com. The completed questionnaire must be sent to SPC accompanied by the following certification: "The vendor/manufacturer warrants that the data and responses in the questionnaire are accurate and reliable to the best of the vendor's/manufacturer's knowledge." Confidentiality agreements can be executed to protect confidential data including through attorney/client privilege. Vendors/manufacturers are encouraged to submit data showing improved environmental performance.

How to Obtain Additional Information

For further information and answers to questions, please contact the Environmental Programs Division at 310-458-2200. For questions about the completing the questionnaire, please contact Sustainable Products Corporation, 202-338-0313, info@SustainableProducts.com.

Citations

- 1 Institute for Market Transformation to Sustainability (MTS). MTS is a nonprofit public charity comprised of key environmental groups and nonprofits, State and local governments, and leading manufacturers whose mission is to foster and accelerate the global free market transformation to sustainability.
- 2 MTS Brochure of February 2001.
- 3 *Sustainable Products Training Manual*©, Chapter 3 Benefits (Sustainable Products Corp. 2001). The Manual is peer-reviewed by 120 Co-Sponsors comprising Federal, state and local governments, environmental groups, publications and manufacturers.
- 4 *Global Reporting Initiative* (2001), www.gri.org. The Social Impact Indicators are also available at www.sustainableproducts.com at the icon "Sustainable Products Defined & Identified."
- 5 These social benefits indicators are identified as an important sustainable products' standard. See MTS Brochure (2001).
- 6 *Sustainable Products Training Manual*©, Chapter 3, Benefits.
- 7 Attorneys General *Green Report II* (1994).
- 8 FTC *Environmental Marketing Guidelines* (1996)
- 9 EPA *Environmentally Preferable Purchasing Final Guidance* (1999).