

EVER:
Evaluation of EMAS and Ecolabel for their Revision

Report 1:

**OPTIONS and RECOMMENDATIONS
for the
REVISION PROCESS**

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Introduction

A fundamental aim of the EVER study was to provide recommendations for the revision of two voluntary schemes managed by the European Commission: EMAS and the EU Ecolabel. This report presents the options and the recommendations that the EVER consortium of consultants defined and elaborated, as one of the main results of the study.

The options and recommendations proposed in this report are entirely based on the evidence collected in the different phases of the EVER study.

The “desk research”, carried out by means of a thorough review of the existing literature and of previous studies and surveys, and the “in-field” research, carried out by way of direct interviews and case studies, both provided indications relating to the strengths and weaknesses of the two schemes.

The findings of the research phase were presented, discussed and enriched through a stakeholder-engagement exercise, carried out within two workshops held in September 2005, that involved a significant number of experts, institutions, companies, practitioners and NGOs. The positions and suggestions collected from the stakeholders (during and after the workshops) were considered as empirical evidence for the study, and further elaborated to become an input for the final proposals. Additional discussions were also held with the European Union Eco-labelling Board and with the EMAS Art. 14 Committee at this time, the results of which were fed into the study.

The whole process of research, consultation and elaboration, led to the options and the recommendations that are presented here.

The options and recommendations have been defined according to different scenarios for the development of the two schemes.

According to the opinion of the large majority of the consulted “actors” (participants, non participants, stakeholders), three basic scenarios can be foreseen for the evolution of the two schemes:

- a scenario leading to the ending of the two schemes, by means of a “sudden death” or a “slow death”
- a scenario aimed at keeping the two schemes basically as they are applied today (a “Business as Usual” approach)
- a scenario that aims at pushing the development of the two schemes, by way of more or less innovative modifications to them.

The first strategic choice to be made by the policy makers (first of all by the European Commission) should be focused on what scenario shall be pursued.

Although this report is not aimed at suggesting the way forward on the political level, we will provide a series of relevant options that can be used to pursue each of the scenarios, by means of different possible measures. Each option is described along with the rationale for choosing it, in order to orient the decision-making process towards one of the possible scenarios:

- Options A15, A16 and B8 are proposed to support the “ending” scenario.
- Option A17 relates to “Business As Usual”
- Options A1-A14 and B1-B7 are proposed with the aim of “pushing” the development of the two schemes

The options are based on a very pragmatic approach, focusing on “what can be done” to pursue the different scenarios.

According to the outcome of the research, there are some key-characteristics of the two schemes on which it is possible to act in order to push in the direction of one scenario or the other:

- The aims (the nature of the scheme can be transformed to pursue other aims)
- The scope (enlargement of the scheme, to include other “dimensions”)
- The requirements (downgrading or upgrading them, both for the participants and for the other actors involved: Competent Bodies, Verifiers, Member States)
- The institutional framework of the scheme (division of powers, responsibilities, etc. among the actors involved)
- The external framework (possibility to create and enact different forms of external incentives or disincentives)

By changing or influencing these characteristics, a strategic direction can be taken towards one of the possible scenarios. Some examples can be useful:

- The enlargement of the scheme (e.g.: to include social issues) can produce a “push effect”, thanks to the possibility of attracting new participants; but this push might be small, if participation is made more difficult for organisations that are not interested in the “new dimension”.
- The external framework can be modified (e.g.: through financial incentives) in order to make it more appealing and convenient for organisations to participate in the scheme; but this can represent a very weak push if the financial resources available are small.

The options proposed in this report have been defined assuming there is a possibility to change and/or influence the abovementioned characteristics and combining them in such a way to produce an impact on the two schemes. The impact can be positive or negative, and is measured according to the following effects:

- Increase in the number of registrations, that the option is capable of producing (in terms of EMAS registrations or Eco-labels)
- Improvement on the environmental performance of the participants, that the proposed changes are able to stimulate and to induce

These can be considered as “direct effects” and when acting in the same direction (increase in numbers + performance improvement) they can generate an overall improvement of the environmental performance in the whole system.

Other kinds of effects should be taken into consideration:

- The indirect effects, measured as beneficial consequences for actors other than the participants (suppliers, customers, institutions, etc.) that are eventually linked to the development of an option.

The options will be also assessed according to the effort needed to implement them. In this case, the assessment will rely on the following factors:

- Organisational and coordination effort by the European Commission
- Organisational and coordination effort by the Member States
- Economic resources needed

Each of the options presented will be assessed according to its impact and the related effort required to implement it. Moreover, as we will see in the final part of this report, the proposed

options will be ranked according to their potential, and this will provide a guideline for their use in pursuing one of the scenarios.

The structure of this report is as follows:

1. & 2. The first two parts of the report are focused on the options defined and proposed respectively for EMAS and the EU Ecolabel. For each of the options presented, the following contents are included:

- the *motivations* supporting the option: in this part we will provide the most relevant information emerging from the study that backs up the idea of proposing the option
- a *description* of the objectives and measures foreseen, and the relevant recommendations for conceiving, planning and implementing these measures
- a review of the *potential impacts* of the option, including an overview of the advantages, disadvantages and effort that would be required from the different actors
- an *impact profile*, summarising and assessing the positive and negative impacts by way of some quantified indicators

3. The third part of the report focuses on a particular option, dealing with the potential integration and synergy between the two schemes.

This part will be presented with the same format the previous two parts and will be taken into consideration for the revision of both the schemes.

4. The fourth part of the report is devoted to a comparative assessment of the different options.

Two separate sections will deal with EMAS and the EU Ecolabel.

In these final sections we will present:

- A comparative assessment of the options presented, based on their potential effects (Impact Index), the possibility of mutual reinforcement with other options (Synergy Index) and the effort that should be made to implement them (Effort Index)
- An table of the inter-relationships, identifying the most synergetic and mutually reinforcing options
- A graph that attempts to “map” the options according to their comparative impact that is used to provide a ranking of the options.

The report will conclude with a ranking of the options, helping to identify the “top options” and the “key support” options for the revision process.

Although it relies on the outcome of the whole study, to which many researchers and consultants operating within the EVER consortium strongly contributed (see Report 2), this report was elaborated and drafted by:

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PART A:

EMAS

Option A1: supporting EMAS by way of financial, fiscal and market-related institutional measures

A1.a) Rationale

The findings of previous studies and research undisputedly show that the heterogeneous diffusion and success of EMAS, in terms of number of registrations, is linked to the efforts that each Member State (together with regional and local institutions) makes in defining and implementing different forms of external incentives.

In the past, organisations, and especially the smaller companies, have relied mostly on direct funding, provided by means of promotion projects and other local and sectorial initiatives. While introducing EMAS was heavily subsidized in some Member States in the beginning, financial support has been reduced in the meantime. That is seen by many observers as one of the reasons for the stagnation and even decreasing participation in some Member States.

The incentives proved to be effective, especially in some Member States (e.g.: in Germany, Italy and Spain), but it has to be noted that many of them have a short-term effect, with particular reference to the provision of funds aimed at financing the implementation costs.

Research into other environmental management approaches shows that the introduction of environmental management schemes generally necessitates financial support by public authorities. While financial support alone usually is insufficient for the success of an environmental management scheme, it seems to be a “*conditio sine qua non*” for initial success.

As to the other specific external incentives, such a fiscal abatement, green public procurement, etc., there are not yet many practical experiences in relation to their effectiveness.

The in-field research provided more direct and “usable” empirical evidence:

- There is a difference between barriers that registered organisations have to tackle to obtain the first EMAS registration and barriers that they face in maintaining EMAS.
- The most significant difficulties met by EMAS participants in obtaining the first registration were: the cost of implementation (including the consultant) and the lack of human resources and competence. So the cost of implementation is still an issue in obtaining the first EMAS registration.
- The three highest barriers perceived by the participants in maintaining EMAS, relate to: a lack of recognition by public institutions, a lack of competitive rewards from the customers and a lack of external incentives. These barriers are on average assessed as “important” and can be identified as the main reasons why some organisations left the scheme.
- The same three barriers (but in a different order of importance: lack of market payback, external incentives and institutional recognition) are today preventing non-participants from applying for EMAS registration.
- 78% of all the interviewees identified the “cost of capital” (for the necessary investment) as the most important reason for not meeting the targets in terms of improvement of environmental performance
- Permanent institutional measures are the “most wanted”: fiscal incentives (e.g.: income-tax abatement) is the most effective support measure, or external incentive, according to all the interviewees.
- 86% of both the EMAS participants and non-participants agree or strongly agree that the European Commission should oblige Member States to include EMAS in Green

Public Procurement). A slightly lower percentage has been seen for stakeholders (75%).

- 51% of the whole sample (including participants, non participants and stakeholders) believe that support funding, also through promotion projects, is still a fairly or very important incentive for EMAS diffusion

A1.b) Description and Ways of implementation

With one fundamental priority of the scheme being the increase in the number of participants , the set up and implementation financial, fiscal and market-related institutional measures should be recommended as an effective option.

To achieve this objective, it is important to raise the economic benefits connected with the scheme. Since the Competent Bodies and environmental Ministries and authorities, who currently back the scheme, do not usually offer significant financial support and are not able to establish long running support mechanisms, the economic benefits for participation in EMAS would ideally come from sources other than direct support funding.

We propose the three following measures, in order to stimulate and endorse this option, that can easily be combined with other options presented in this report.

A1.1. Cross-compliance in funding opportunities

The text of the new Regulation could set a specific requirement that makes it mandatory for Member States to consider EMAS as a favourable and preferential condition for access to public funds. In other words, the Member States will be obliged to introduce an assessment or selection criterion based on the applicants' participation in EMAS into their general funding mechanisms.

The Member States will obviously be free to choose into which kinds of funds they prefer to introduce EMAS, as an assessment or selection criterion. The rational behind this measure is the following: if an organisation seeks to obtain public funds for investment in technologies, innovation or process upgrading, EMAS registration will be an advantage for access.

In order to make this measure truly effective, a system of "cross-compliance" should be proposed to Member States. Under such a system organisations would only (fully) receive any kind of subsidy if they *commit* to EMAS registration – i.e. if they have already achieved registration and if they are able to maintain it over time. Only in this way will the incentive have a permanent (or long-term) perspective.

It should be noted that a system of cross-compliance would not impose additional financial burden.

This option is already being experimented with, on a voluntary basis, by some Member States for the attribution of the EU structural and regional funds and for the application of national laws sustaining technological innovation or investments in production processes. If this obligation is established, Member States will have a wide range of general economic support funds in which EMAS can be used as an assessment or selection criterion for the approval of the applicant projects.

A1.2. Fiscal incentives

The text of the new Regulation could include a prominent article setting an obligation for Member States to grant a tax breaks for EMAS registered organisations.

Each Member State will be free to identify the more appropriate fiscal measures and choose the preferred entity of the breaks.

Since many problems have been encountered in the attempt of promoting indirect fiscal measures for green products (e.g.: VAT), it should be made clear that the tax breaks for EMAS organisations must be applied at direct taxation, such as, inter alia: “income taxes” or similar taxation imposed on the business revenue (turnover, etc.) or environmental taxes.

These kinds of fiscal measures are proving to be effective in some of the first experimental applications of them (e.g.: income regional tax in Tuscany, Italy). It should also be noted that, as in the previous case, tax breaks can be more effective if they are enacted as a permanent measure and not on a “lump sum” basis.

Moreover, only if the tax breaks for EMAS organisations is backed by a provision in EMAS III coming from the European Commission, this would guarantee a “level playing field” for the national economic systems.

This measure could have a relevant (negative) impact on the tax revenues of Member States, depending on the effectiveness of this incentive in terms of EMAS registrations. It has to be emphasised, though, that in the few application experiences, tax breaks for EMAS organisations have been accompanied by a tax raise for the most polluting companies, in order to achieve a neutral effect and to guarantee the fiscal balance.

A1.3. Market oriented “demand-pull” incentives: Green Public Procurement

As emphasised by the EVER study, incentives that are able to increase the “market demand” for EMAS registration can be very effective. The most important measure that institutions can undertake in this direction is the so-called Green Public Procurement.

Currently, EMAS participants can rely on such benefits to a rather different extent in different Member States. A stronger stimulus for (and a harmonisation of) such incentives at the highest level is needed today in order to increase their “power” on the market, which is generally perceived as very weak.

The new EMAS regulation could therefore set a mandatory requirement for Member States to implement national provisions for fostering and supporting the use of EMAS in green purchasing procedures.

As for the other measures presented above, also in this case, EMAS III should establish compulsory requirements for Member States and not for applicants. The way, and the extent to which, Member States will comply with this obligation, will depend on their willingness to promote EMAS and on the possibility they have to introduce such measures in the national legislation. Introducing EMAS as an exclusion criterion from the public tenders cannot be asked, since it runs against the GATT and GATS rules.

The Commission could add further specification concerning, for example, a minimum level of application to the central administration of each MS, in public schools and hospitals or for the construction of public infrastructures, but this might be seen as an interference in the national environmental policy.

In order to make this option really viable and effective, guidelines on how to include and use EMAS in Green Public Procurement should be published as an accompanying measure. The publication of these guidelines, which has been already planned, should be updated after the official approval and promulgation of EMAS III, in order to provide consistent indications.

A1.c) Potential impact

The impact of this option (if and when it is fully implemented) would be high in respect to EMAS diffusion. The proposed measures are the most desirable according to the actors that are interested in the implementation of the scheme, as well as by the new potential applicants. For the implementation of this option no major changes would be needed to EMAS itself..

The impact on the organisation's environmental performance will be moderate, insofar as no change is proposed on the requirements for applicants. There could be a considerable effect on the system environmental performance, in proportion to the induced increase in the number of EMAS registrations. The literature review shows EMAS seems to have a positive effect on the environmental performance.

Indirect effects will be very significant, as the proposed measures would provide institutions with a simple and effective tool for the identification of environmentally better companies in calls for tenders, projects selection for attributing public funds, fiscal levies, etc.

None of the abovementioned measures imply any particular organisational or economic effort by the Commission, with the exception of the eventual negotiation process to obtain the necessary political consensus by Member States.

A1.d) IMPACT PROFILE:

	A1 (overall)	A1.1	A1.2	A1.3
Increase in the number of registrations	***	**	***	***
Improvement of environmental performance	*	*	*	*
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	***	**	***	***
Organisational and co-ordination effort by the European Commission	*	*	*	**
Organisational and co-ordination effort by the Member States	***	***	***	***
Economic resources needed	*	*	*	*

*** = considerable

** = moderate

* = low

Option A2: Increased promotion and marketing of the scheme

A2.a) Rationale

Most of the evidence collected in the EVER study backs up this option, showing that many observers identify the lack of knowledge of EMAS (and, subsequently, the lack of reward for the market, the stakeholders and the public institutions) one of the main barriers for the growth of the scheme.

When introduced, in the 1990s, EMAS was strongly promoted in some Member States, but over time this has been reduced and now some Member States have hardly promote EMAS at all. This is why we see a very incoherent picture of EMAS uptake in the EU, with most registered companies being located in only a few Member States. In addition, a new market for enlarging the potential for new registrations is emerging in the new Member States, calling for a significant effort in terms of promotion and marketing.

The EMAS logo has never become a trade mark and known to the broad majority of customers and stakeholders. This is one of the main reasons why the participants (and the potential participants) do not see many competitive rewards, for instance, in comparison with ISO 14001. As one interviewee concluded: *“What needs to change most in the EMAS is not the requirements – it is the social and market recognition of EMAS”*.

At the same time, the EVER study in-field research shows that EMAS is not widely seen as a benchmark: only 62% of all respondent thinks that EMAS is regarded and used as a “best practice” system for environmental management among industrial sectors or other types of organisations. From many respondents this answer was often followed by a comment like “because EMAS is not known in the general marketplace”.

Therefore a majority (84%) of the respondents also see information and promotion campaigns for EMAS – and its logo – made by public institutions as either somewhat (15%), fairly (29%) or very important (40%), to make EMAS better known (a “trade mark”) and thereby indirectly give more benefits to the participants in the market place.

For those organisations that are registered in EMAS, the most important competitive advantage is an “improved image”: 84% of the EMAS participants perceived this immaterial and non-quantifiable advantage as fairly or very important, and similarly 62% of the participants found that EMAS is an effective tool for competition.

As one respondent said: *“EMAS as brand shall be saved – it is much more value-based than ISO 14001. It must not be a technical instrument as ISO 14001- the intention is much higher”*

But among non-participants only 32% found that EMAS is a competitive tool. This seems to be one the most significant problems for EMAS uptake. Few organisations outside the scheme believe it can produce a competitive advantage on the market or that it is a trade mark worth achieving. Knowledge of what can actually be achieved should be increased.

A2.b) Description and ways of implementation

An effort should be made to increase *promotion and marketing* of the scheme by means of different kinds of initiatives, which could produce an increase in the awareness of many actors (including the public at large).

A2.1. Information campaigns

To increase the level of recognition and knowledge of EMAS, and ensure that the level is sustained, the Commission and the Member States should plan and carry out EMAS information campaigns on a regular basis. Furthermore, less planning resources will be needed if campaigns are carried out on a regular basis, because experience and lessons learned can be exploited and the campaign network can be maintained.

Campaigns may be executed in many different ways:

- Lessons learned from the Flower Week 2004 could be used in EMAS campaigns such as, for instance, the use of campaign partners (EMAS participants, EMAS customers and stakeholders) and “ambassadors”.
- Campaigns promoted by the Commission and the Member States, based on local networks and business association can be effective.
- Campaigns linked to other events (for instance EMAS awards, festivals, local community fairs or trade fairs, etc.) can be usefully organised in order to explore the synergies and to be network with companies and customers.
- Campaigns should focus on specific interest groups such as: the financial sector, public procurers, SME’s etc., in order to stimulate their specific interest towards EMAS and to foster their role of “multipliers”
- Conferences and workshops to foster active participation, and exchange of experiences and best practices.
- Advertising on TV, radio and press is a key factor in enabling the diffusion of EMAS in the market place and among the consumers

The idea of having information campaigns was supported by participants at the EVER EMAS workshop. As the term “EMAS” – and its logo – are still not well known on the market, or to the public at large, there was consensus that better marketing can effectively improve the competitive capabilities of EMAS.

On one hand, many stakeholders and practitioners taking part into the workshop emphasised how today the real challenge is to make EMAS known to citizens and consumers. If this happens, then organisations will be stimulated to participate.

On the other hand, in the workshop there was a general agreement that potential applicants are quite aware that EMAS exists, what they do not perceive are the additional benefits of EMAS (with reference, for instance, to legal compliance, the product dimension or other assets, rather than the management system). The promotion and marketing of EMAS towards organisations should be aimed at explaining these benefits.

This cannot be undertaken through the revision of the Regulation, but EMAS III can bring about some changes that might support this very important measure. The following three measures are more closely related to the revision process.

A2.2. Introduction of Mandatory EMAS promotion by Member States

Article 12 of the EMAS Regulation lays down requirements to ensure the promotion of EMAS – but the promotion is voluntary.

Making it mandatory for all Member States to promote and carry out marketing campaigns and other kinds of information activities for EMAS on a regular basis, would improve the competitive capability of EMAS, giving the potential participants a greater opportunity of obtaining very effective marketing support.

Making EMAS a well known brand cannot be done by every single participant individually. In their marketing strategies, participants need to be able to use a brand– and only co-ordinated marketing effort at the Member State and EU levels can create such a brand.

If in the future all Member States are mandated to participate in common and co-ordinated information campaigns, this would make a big difference to the prospects of EMAS.

It could be foreseen that every Member State would establish national marketing centres staffed with skilled marketing personnel to provide direct support to the Competent Bodies. The marketing centres could rely on communication tools like: call centres, promotion and information materials, showrooms and meeting facilities where they could organise meetings for participants, potential participants and other stakeholders. The centres could also host dialogue meetings for producers to meet potential customers.

It should be noted that the results of the EVER study indicate support for mandatory national promotion of EMAS with an average result score of 3,9 out of a maximum of 5 (for all interviewees). 70% of the respondents find it fairly or very important that the EU Commission should oblige Member States to promote and market EMAS.

A2.3. Increased European Commission promotion activities

Article 12 of the EMAS Regulation also lays down requirements for the European Commission to promote EMAS. If successful promotion activities are to be executed, the Commission has a key role as driver and co-funding institution and, therefore, more EU funds should be made available for continued marketing activities for several years ahead.

A solution based on “shared responsibility” between the Commission and the Member States could be effective. The Commission could allocate a permanent budget for marketing activities for EMAS and from this budget the Member States should be able to apply for a certain percentage (up to 50%) funding of their marketing activities. Criteria for application and accession to funds could be written in order to guarantee a “level playing field” (e.g.: non discriminating newly accessed Member States).

A permanent budget could include the establishment of a central unit (composed of personnel skilled on marketing issue) that develops common campaign strategies for national adaptation / implementation, that would ensure coordination between national marketing efforts.

Finally, there is currently no overview of promotion and marketing activities. As a result many good initiatives may have been undertaken around the EU, but the lesson learned are not available for others. The Commission could consider having a homepage where all experiences and “best practices” from EMAS promotion and marketing activities are available, at the EU, national, regional and local level.

A2.4. Broader use of the EMAS logo

In order to make EMAS an EU brand for organisations representing high environmental performance and leadership, the logo has to be well-known and strengthened through more “aggressive” marketing as described above. In this context, the current and very restrictive framework for the use of the EMAS logo should be reconsidered. Today the effect of this framework is to make the logo unattractive for many EMAS participants (and for potential applicants). We should remember that 45% of the respondents of the EVER interviews agreed or strongly agreed to the suggestion of simplifying the use of the logo.

The outcome of the EVER EMAS-workshop confirmed that stakeholders, business and practitioners are strongly in favour of a broader use of the logo. The rationale for this is that a

key-element for the competitive capabilities and the success of EMAS is the customer, and therefore the scheme must be better known and better marketed with the aim of achieving a higher awareness of the logo by customers.

Workshop participants were strongly in favour of making it possible to use the logo on products. One caution to accepting this would be that the use of the logo would have to be associated with a clear indication of what it represents, for instance “this product was manufactured by an organisation that is continually improving its environmental performance by means of an environmental management system, verified and registered according to Reg. EC ...”, in order to make the distinction between product and organisation-related information very clear. A risk of potential overlapping and confusion with the EU Eco-label will still remain.

Another possibility is that specific requirements such as life-cycle-approach along the supply chain, life-cycle-management approach or an Environmental Product Declaration, could be used to allow use of the logo on the product. Option A10, which is complementary and synergetic with this option, builds on these requests (emerging from both the EVER workshop and in-field research) and focuses on a further integration of the “product dimension” in EMAS.

Finally, the EU Commission guidance document on how to use the logo is seen as very complicated. A simplified way of using the logo would make more participants use it and would improve the knowledge of it in other organisations.

We propose that the Commission:

- includes the main (mandatory) requirements on how to use and promote the logo in a new prominent article of EMAS III, stressing only certain specific issues
- publishes a new, more flexible, “user-friendly” and marketing-oriented guideline on how to use the logo

A2.c) Potential impact

This option is highly recommended, as it can produce the following positive impacts:

- A strong impulse to the number of EMAS participants , which could even initiate a snowball effect, leading to many more.
- More knowledge about benefits of EMAS – and the logo – among potential participants
- More knowledge about benefits of EMAS – and the logo – among customers trading with EMAS participants
- More knowledge about benefits of EMAS – and the logo – among other stakeholders in general who may act as “ambassadors”
- Easier access to competitive benefits among existing participants
- A higher differentiation of EMAS from other types of EMS, especially ISO 14001

These positive consequences might not be realisable without introducing other changes to EMAS, in order to make the incentives and benefits more visible to participants, customers and other stakeholders (see the interrelation table).

This option can be fully and effectively implemented by means of a considerable resource deployment by the European Commission and the Member States. In fact, it requires a large and continuous budget to raise and maintain the customers and other stakeholder knowledge and interest in EMAS. The impact of this option will therefore vary according to resource availability.

A2.d) IMPACT PROFILE:

	A2 (overall)	A2.1	A2.1	A2.3	A2.4
Increase in the number of registrations	***	***	***	***	**
Improvement of environmental performance	*	*	*	*	*
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	**	**	*	*	*
Organisational and co-ordination effort by the European Commission	**	***	**	**	*
Organisational and co-ordination effort by the Member States	***	**	***	*	*
Economic resources needed	***	***	***	***	*

*** = considerable

** = moderate

* = low

Option A3: integrating and embedding EMAS within other legislation (policy making and implementing)

A3.a) Rationale

As provided by Article 10(2) of the current Regulation, Member States should consider how EMAS registration can be taken into account in the implementation and enforcement of environmental legislation, in order to avoid unnecessary duplication of effort by both organisations and enforcement authorities.

The recent COM(2004) 745 from the Commission to the Council and the European Parliament, emphasises how EMAS can support Member States both in policy making and policy implementation, in order to alleviate the burden of regulatory pressure and streamline their own resources .

The possibility of using EMAS within this framework lies in the strict requirements regarding compliance with environmental legislation and in the role of the independent and external verifiers to ensure that the organisation can demonstrate legal compliance .

Based on this possibility, as reported in literature, some Member States and regional / local authorities are using what the abovementioned Communication defines as *regulatory flexibility*. This includes both *regulatory relief*, construed as substitution of legal requirements without changes in environmental legislation as such, and *deregulation*, which involves changes in the legislation itself.

The main ways in which EMAS is used today by member States for regulatory flexibility are as follows:

- as a factor in risk assessment, with effects on site inspection frequencies (UK, DE, NO, PT, NL), insurance (CZ), governmental fees (UK) and penalties (AT),
- as a substitute for certain legal requirements, such as periodical reporting, authorisation and permit procedures, etc. (DE, AT, IT, ES, SE, NL, UK, LU)
- as a condition enabling for a longer duration of environmental permits (LU, SL, DE, IT)

Whilst most of the experts and practitioners agree that regulatory flexibility can be an important incentive for EMAS registered organisations, it has not been possible to identify and collect evidence on its effects in practice, since most of the above mentioned measures are very recent and, in many cases, they are not fully available and effective yet.

Some evidence was collected on the essential premise to this approach: the interrelationship between EMAS and company's regulatory compliance.

This evidence is ambiguous: on one hand, according to literature, there is no doubt that EMAS registration increases the self-confidence of environmental managers and CEOs in relation to the management of legal compliance, and that it improves their capability to monitor and keep up with the relevant changes in legislation; on the other hand, there is mixed evidence in relation to whether or not EMAS guarantees a full compliance (with some studies suggesting a positive relationship and others rejecting it). It has to be noted that this evidence might suffer from a country-related bias.

The in-field research provides an interesting insight into the views of organisations' and stakeholders' on legal compliance and regulatory flexibility:

- According to the interviewees, EMAS greatly improves companies capacity to meet legal and regulatory requirements: as anticipated, the three most significant benefits

perceived by (close to 70% of) the participants are all connected to a better monitoring, management and guarantee of legal compliance.

- 71% of the whole sample (including participants, non participants and stakeholders) believe that regulatory relief and flexibility is a fairly or very important incentive for EMAS diffusion
- Very interestingly, when asked “why do you think some registered organisations dropped registration and abandoned the scheme?”, the stakeholders indicated the following two most important reasons: “no reward by environmental authorities” and “no regulatory relief” (both averagely scoring 4.0 on a maximum of 5)
- As in the case of economic incentives, permanent institutional measures are the “most wanted” support, with a particular reference, in this case, to regulatory flexibility and to the use of the environmental statement in the relevant administrative procedures.
- Finally, EMAS is also perceived as a useful support for policy makers, regulators and other institutional and economic actors: 93% of the stakeholders holds that EMAS makes the implementation of environmental regulation more effective.

A3.b) Description and Ways of implementation

This option implies a bigger effort by the European Commission in embedding EMAS in current and future legislation, and in defining provisions that can stimulate and enable Member States to use the scheme in both the implementation / enforcement phase and as a support for environmental control activities.

A3.1. Policy making

Stronger references to the use of EMAS should be made possible in EU and MS legislation.

This cannot be achieved by a modification to the current Regulation, but should be realised by the introduction of references to EMAS in EU Directives.

As examples, the IPPC and Emission Trading directives have been mentioned by many stakeholders and interviewees as “soft attempts” and missed opportunities for stronger intervention.

Many interviewees asked for the inclusion of text in the IPPC Directive in favour of EMAS registered organisations, obliging the Member States to ensure longer permit duration, to accept validated information as compliant with the reporting requirements, to enact provisions relating to the inspections and the fee due for the issue of the permit.

For the future, there are significant expectations on how EMAS will be recognised in the official version of the REACH Directive as a guarantee on the procedures for the registration and assessment of chemicals.

A3.2. Policy implementing

EMAS III should include mandatory provisions for member States to adopt EMAS as a support tool in EU (and national) policy implementation.

In order to help such adoption, best practices collected in EC COM 2004 745 should be proposed to Member States as useful guidelines, providing detailed indications and “good practices” on how EMAS can be used for the following aims: substituting legal requirements, fast-track or self-certification for authorisation and permit procedures, longer duration for permits, reporting requirements.

An effective way of fostering and enabling this adoption is to use the environmental statement as an official and credible tool for fulfilling the requests foreseen in the procedures, to provide guarantees and to enable the exchange of information and validated data with the public

authorities in all the above mentioned procedures (not just periodical reporting but, for example, as a substitute of requested documentation).

In order to implement this measure, EMAS III should include the possibility for organisations to validate the statement as an official communication tool for public institutions and local authorities (see option 14) and should provide the necessary supporting measures (“bridging document” and guideline for Member States).

A3.3. Control activities

EMAS III should make clear that Registration must be considered as a favourable condition affecting inspection frequencies and scope and that the data provided by the EMAS management system should be considered as reliable for control activities (and periodical monitoring).

A debate is taking place in some Member States on the possibility of reducing the inspection activities on EMAS registered organisations, due to the fact that there is no definitive evidence that the scheme provides full and continuous compliance of the organisation with every applicable legal requirement.

In some Member States, control bodies are directly involved in a pre-assessment of legal compliance before awarding EMAS registration. This could become a mandatory practise in all Member Countries in order to guarantee that subsequently (once registration is achieved) all the abovementioned forms of regulatory flexibility and control relief can be applied.

In order to strengthen the capacity of EMAS to provide legal compliance for participating organisations, it could be useful to harmonise the way in which legal compliance is assessed and checked in Member States. As a fundamental support measures, therefore, the Commission should clarify how to interpret “legal compliance” within the application of EMAS, e.g.: what is requested to participating organisations, what are the minimum criteria required to guarantee legal compliance, what are the ways in which it should be checked, etc.

A3.c) Potential impact

Because integrating and embedding EMAS within the other legislation emerged from the EVER study as one of the “most wanted” forms of incentive, the impact in terms of retaining registered organisations and attracting new applicants is likely to be high.

On the other hand, the fact that EMAS is increasingly used in policy making and enforcement will raise the awareness of public institutions of the scheme and of EMAS registered organisations. The need for EMAS organisations to demonstrate a higher credibility and transparency to these institutions (and, particularly, a higher involvement and awareness of the scheme by control and inspection bodies) can have a positive effect in terms of environmental performance.

Positive indirect effects will be generated by the implementation of this option, especially in terms of resources and time saving by public bodies involved in policy making and enforcement activities. As COMM (2004) 745 emphasises, authorities often use what may be scarce resources and are forced to optimise the use of their resources e.g. for monitoring sites. By trusting and relying on EMAS, these authorities could focus their energies better on other, more sensitive, issues.

Whilst a considerable effort would be required for the Commission and Member States in order to negotiate, co-ordinate and agree on common positions for the inclusion of EMAS in EU Directives, this option is not resource intensive.

A3.d) IMPACT PROFILE:

	A3 (overall)	A3.1	A3.2	A3.3
Increase in the number of registrations	**	**	**	***
Improvement of environmental performance	**	**	***	**
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	**	**	**	***
Organisational and co-ordination effort by the European Commission	***	***	***	***
Organisational and co-ordination effort by the Member States	**	**	***	**
Economic resources needed	*	*	*	*

*** = considerable

** = moderate

* = low

Option A4: upgrading EMAS to an internationally recognised and applicable scheme

A4.a) Rationale

In the EVER study literature review we found some sources reporting that many companies (especially multinational corporations and export-oriented companies) criticise EMAS for not being applicable, known or useful at the international level, in particular for extra-EU business relations. A high percentage of these companies are consequently opting for ISO 14001.

Few experimental applications of the scheme in companies located outside the EU have been carried out in recent years. A large company in the electronic sector, for example, experimentally applied EMAS to some of its extra-EU sites, asking an accredited European verifier to validate their environmental statements. A limited number of multinational corporations, that currently apply EMAS within the EU, are also using the scheme as a reference for their environmental management systems in third countries.

It is important to emphasise that, according to the literature, “mainstream” voluntary environmental instruments, such as EMAS, should not be considered as potential Non-tariff Trade Barriers (NTB) for third-country producers because, although they concern the Product and Productions Methods (PPMs), the fact that they are *voluntary* prevents them from violating the main GATT and WTO provisions against protectionism (see report 2).

More pragmatic information can be taken from the EVER in-field research:

- The lack of recognition of EMAS at the international level (outside the EU) is perceived as a significant barrier. This is especially true for the non participants: 65% of whom believe that this is a fairly or very important barrier (the third most important barrier on average, together with the lack of regulatory relief).
- Upgrading EMAS to an internationally recognised scheme would be a powerful incentive: all the categories of interviewees mentioned this possibility as averagely important; for the non-participants this would be a truly effective incentive (74% believe it would be fairly or very important).
- Rather interestingly, 30% of the non-participant organisations (mostly large companies) hold that the participation in the United Nation “Global ComPact” is an initiative that they now aim to address.

Finally, the stakeholders’ views on the relationship between EMAS and competitiveness, expressed during the EVER EMAS-workshop, confirm that an upgrading to the “international dimension” would be a crucial step forward in the improvement of its competitive effects and, therefore, in the development of the scheme.

A4.b) Description and Ways of implementation

The scheme could be redefined to give it an international scope. There are two ways (measures) to achieve this: the first is to apply the current EMAS, still managed by the Commission (as it is currently conceived), on an international level; the second is to try to define a new “global scheme”.

A4.1. International application of the current scheme

To pursue this objective, the following steps could be taken:

- The current limitation, constraining EMAS within to the EU, could be abolished.
- In this way, organisations operating in third countries would be allowed to apply for EMAS registration.
- Since there are neither accreditation systems nor competent bodies in third countries, alternatives would have to be found.
- There are two possible such alternatives: the European Commission could play the role (this means that verifiers operating outside the EU, be they EU-based or located in a third country, would have to be directly accredited by the Commission) or, like in ISO, third countries could use the accreditation systems and competent bodies of Member States.
- In the event that a third-country verifier would want to be accredited, this could be undertaken with the involvement of EU Member State experts to ensure it is done correctly.. Verifiers would then operate in the third countries for which they were accredited (as happens today with branches and sectors).
- Organisations interested in this accreditation would undergo an application procedure and, in the event of a positive verification, they would be registered in a separate section of the EMAS register.
- This could be a transitory solution, looking forward to negotiating mutual agreements with national governments or to promoting in other possible ways, the creation of competent bodies and accreditation systems within the third countries.

A4.2. A new “global scheme”

The second measure could be implemented by the Commission in cooperation with a credible international partner. Only in the case that EMAS would be transformed into a scheme based on a “code of principles” (see option A7), then cooperation could be considered , with, for example, the Global ComPact, issued and managed by the United Nations and promoted by Kofi Annan.

At present the Global ComPact is designed only for large multinational corporations and if they want to officially adhere to the pact they have to undertake an explicit commitment to comply with some basic principles of sustainable development, and they have to report to the UN yearly on the actions planned and implemented.

The Global ComPact does not currently foresee any form of third party certification, nor does it impose more specific requirements relating to performance or management procedures on corporations. The new international certification scheme could therefore develop from the merging of EMAS as a “code of principles” with the Global ComPact. To take this idea forward would require detailed negotiations with the UN.

The possible route to realising a new “global scheme”, in this case, could be the following:

- The revision of EMAS would have to completely rethink the founding principles of the Regulation, starting from its aims and focusing on few and simple but “high profile” requirements.
- The United Nations could be directly involved in the revision of the scheme, so as to incorporate the founding principles of the Global ComPact and to foster the co-operation between the two schemes.
- The result of the revision would be that laid out by our “code of principles”, option (A7).

- The text of the Global ComPact could be amended, in order to become fully compatible with the new EMAS.
- EMAS could then become the “operational network” by which also the UN could actually verify and “certify” the achievements deriving from adopting the Global ComPact.
- By means of a mutual agreement between the European Commission and the United Nations (for example, through the UNEP – United Nations Environmental Programme) a new global scheme could finally be created and, eventually, jointly managed.

It should be noted that, for the new “global scheme” to be fully consistent and compatible with the Global ComPact, the other dimensions of sustainability should be introduced within the “code of principles”. This would imply even more considerable changes in the scheme.

A4.c) Potential impact

The impact of this option in terms of the potential increase in the number of EMAS registrations could be considerable. On one hand, the attractiveness of the new scheme for many multinational and export-oriented EU companies could be high. On the other hand, many companies based in third countries, exporting to the EU could be interested in obtaining a high-profile recognition of their environmental commitment.

Globalisation would also probably make the new scheme (in either of the two forms presented) attractive for innovative SMEs.

This option would also have an effect on the environmental performance, (raising the environmental standards of companies located or operating in third countries) both in terms of better management and in terms of easier co-operation for environmental improvement, within those supply chains that include companies located or operating in third countries.

If the Commission does not take the role of an accreditation system and competent body, then the organisational and co-ordination effort will be rather low. This option might imply a small increase in the economic resources needed to run the scheme (e.g.: for promoting the scheme in third countries)

In both cases, the biggest barrier for the implementation of the new scheme would be the achievement of the required political consensus from member States and from third countries. Even if, as literature predicts, EMAS would not be seen as a Non-tariff Trade Barrier, many complaints are now coming from companies operating in third countries, due to the difficulties they have in implementing environmental management systems. Member States might complain that companies facing lower requirements for legal compliance in their countries of origin are awarded with EMAS registration.

As a final comment, it should be noted that these complaints might prove unfounded, since ISO 14001 is well diffused in third countries (see, for example, the case of China).

A4.d) IMPACT PROFILE:

	A4 (overall)	A4.1	A4.2
Increase in the number of registrations	*	**	*
Improvement of environmental performance	*	*	*
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	*	*	*
Organisational and co-ordination effort by the European Commission	**	*	**
Organisational and co-ordination effort by the Member States	*	*	*
Economic resources needed	*	*	*

*** = considerable

** = moderate

* = low

Option A5: Better use of EMAS as a reporting and communication tool

A5.a) Rationale

A stronger focus on making EMAS a more effective and powerful *reporting and communication tool* has been envisaged at many occasions. Considerable evidence was gathered in the EVER study that strongly supports the need for innovation in the way the environmental statement is conceived, validated and diffused.

This was also a much debated issue under the Revision of EMAS I and, at that time, some changes were made, but it is still of interest to many and it clearly still needs further elaboration.

The literature on the EMAS statements reports that:

- The statement is not used for communication purposes very much, especially for competition-related target groups (customers, suppliers, public purchasers, financial and credit institutions). It is mainly distributed to employees and sometimes to local communities and it is almost exclusively requested by students and researchers.
- The statement is often drafted in a ineffective format for external communication purposes, and mostly for the verifier. (the average length of the statement is well over 30 pages, see report 2)
- The drafting and diffusion of the statement represent difficult steps in the EMAS implementation process for many companies.
- There is very little use of the “extracts” of validated information, for specific target groups.
- In some Member States there are experiences relating to an effective use of the EMAS statement for legal reporting requirements

The in-field research confirmed that:

- 53% of the participants decided to implement EMAS in order to improve their relations with stakeholders and the local community (this motivation was fairly or very important to them)
- Communicating EMAS, as a general concept, to stakeholders was not perceived as a barrier.
- The three most important benefits perceived by the EMAS-registered organisations interviewed were connected with the monitoring and management of legal compliance and the use of the Environmental Statement as an official communication document as a way to improve these benefits. (This response was given by 63% of the whole sample and by 77% of the participants)
- 76% of interviewees (from the whole sample) believe that environmental reporting is a somewhat, fairly or very important factor in stimulating and achieving environmental improvement (even if other factors, such as regulation, technical progress and the EMS itself are considered more effective)

At the EVER EMAS-workshop there was a strong agreement on the limitations of the statement as a communication tool in its current form. There was frustration about the fact that it is mostly students who request it, as well as a perception of it being too complicated and confusing for the general public. The full EMAS statement in its current format is not used in the marketplace. It was argued that in some cases companies are opting for a combination of ISO 14001 and a CSR report instead of EMAS.

Moreover, although there was agreement regarding the impossibility of fixing strict reporting standards, the participants were in favour of establishing some sort of guidelines for the elaboration of the statement, as well as of enforcing more consistency in the requirements.

A5.b) Description and Ways of implementation

This option aims at strengthening the role of the environmental statement as an effective tool for reporting and communication, in order to provide EMAS registered organisations with relevant marketing and “consensus-building” opportunities.

The option can be implemented by means of the three measures described below:

A5.1. Make the EMAS statement a more “flexible” communication and marketing tool

The EMAS regulation is already encouraging organisations to use all methods available to communicate with their stakeholders and giving them free and easy access to the information in the environmental statement. The possibilities already exist in the current EMAS regulation to produce validated information for a specific stakeholder.

Nevertheless, the requirements regarding information “extracted” from the statement stipulate that it should provide a complete picture of the environmental performance of the organisation and should be preventively validated by the verifier. This is hampering the wide use of this viable and effective tool.

Other requirements and validation procedures decrease the effectiveness of the Statement as a tool for communicating with specific stakeholders, who need concise and “to the point” information. It also appears that there is variation in the stringency and expectations of different national accreditation and verification bodies regarding the content of the statement, affecting the use of this document for marketing purposes.

The following modifications in EMAS requirements and in the validation / registration procedures represent just some examples of how to improve the “flexibility” of the environmental statement and make it a useful tool for marketing and “consensus-building” purposes:

- It should be possible (at least for SMEs) to validate and publish the statement once every three years (or accordingly to the validation period), removing the obligation of the yearly validation.
- There should not be an obligation to publish the statement in a paper format or in hard copies (the only mandatory requirement being that of making it available and diffusing it to the stakeholders, but by any media)
- EMAS registered organisations should be allowed to extract and independently use any specific information or data that is included in the validated statement for any marketing purposes and in any circumstances, regardless of the fact that it is presented within an exhaustive and complete overview of all the significant environmental aspects. Parts of the Statement should be even usable, for example, as a target-specific “environmental claim” (e.g.: CO₂ emissions). The only constraint to the use of the information in the Statement should be the obligations to specify that “this information has been validated as a part of a wide-ranging verification process” and to ask the reader to consult the full text of the statement for a more complete overview of the organisation environmental performance (providing appropriate access, e.g.: the web site).

- Information extracted from the environmental statement should not have to be submitted for validation by the verifier or by the competent body prior to its diffusion (as is requested by some Member States). The verifier could however check the correct use of “extracts” according to usual procedures and timing, for example by assessing, during verification audits, a sample of the validated information that has been published.
- An organisation operating in multiple Member States should be allowed to publish only one statement (and should, as a consequence, be required to have only one registration for all its sites, even if they are located in different Member States)
- The publication of Key Performance Indicators in the statement could eventually be set as a requirement of the new Regulation, in order to enhance benchmarking between competitors (this measure is entirely synergetic with option A8: “EMAS as a standard of excellence”). In this way, the EMAS statement would become a powerful “green marketing” tool. The KPI can be selected on the basis of the most recent and widespread methodologies, according to the environmental policy priorities of the European Commission (e.g.: global warming, ozone depletion,...). This would also support EMAS organisations in identifying their priorities for improvement actions. Guidelines on how to elaborate and produce the KPI would be a necessary accompanying measure.
- The so-called ‘guidelines’ concerning the drafting of the environmental statement, annexed to the EC Recommendation 681/2001, should be evaluated and the most important aspects should be included in the text of the new Regulation, providing straightforward requirements both for organisations and verifiers. This will bring together the different approaches and will enable the Commission to define a clear position on the main issues at stake. (For example: an explicit requirement relating to the fact that the statement should be simple, concise and ‘easy to read’).
- Other suggestions and guidance on how to use the information from the environmental statement as a communication and marketing tool should be considered in an official EC Guideline or Manual. EMAS III could include a new requirement which points out that registered organisations should provide examples on how they have used the EMAS logo and the environmental statement in relation to their marketing activities and a requirement for the European Commission and Member States to make this information available to the public.
- Finally, the possibility of dealing with other issues (product life cycle, health and safety issues, other aspects of corporate social responsibility, financial risk related aspects, etc...) in the statement should be explicitly foreseen and not left to the discretion of each Competent Body. This measure is strictly connected with many of the other options presented in this report.

A5.2. Make the EMAS statement an official communication document for Environmental Authorities

We propose that the new EMAS Regulation set mandatory requirements for the Member States to define ad-hoc provisions in national legislation and regulation, in order to accept the environmental statement as an official document for legal reporting purposes and other official communication flows with competent authorities.

To support Member States, the Commission will have to elaborate and publish a type of “bridging document”, comparing the requests of environmental data and information made by EU- and MS- based legislation. On the basis of the bridging document, an official guideline would be provided to EMAS registered organisations, including the minimum set of contents

(indicators, data, information,...) that the environmental statement must have, in order to respond to these requests. The Member States (together with the Competent Bodies) will further develop and enrich these guidelines, according to country specificities, to ensure that the EMAS statements can be used for this purpose.

In order to make the statement an effective official communication document in standards administrative procedure, the guidelines will have to provide indications on how to deal with documentation in relation to the compliance with legislation, such as emissions trading and climate change, waste, REACH, IPPC (BREF-notes and BAT), PRTR, etc., as well as environmental fees and taxes. The guidelines will have to specify what kind of key performance indicators the EMAS registered organisations are expected to publish.

The adoption of these guidelines will not be mandatory for an organisation to be registered in EMAS, but will be considered optionally, as a standard reference only by those organisations that want to use the statement as an official communication. The validation of the statement for this purpose should be explicitly requested by the applicant to the verifier.

If an organisation also wants to have the statement verified for legal communications and reporting aims, then the verifier will eventually provide an extra validation for the statement to be used for such purposes, according to the rules provided by the guidelines.

A5.3. Transforming EMAS into a scheme for the verification and validation of environmental reports as an “add-on” to any certified EMS

This option relies on the possibility of making EMAS a pure communication and reporting tool, in order to strengthen the abovementioned green marketing- and consensus building-related positive effects.

The main policy objective for EMAS will then become the diffusion of environmental information to citizens, local communities and stakeholders in general, and the promotion of the continuous improvement of environmental performance.

This means that EMAS will only include requirements for performance-based environmental reporting (what to report, how to report), eventually to be based on ISO 14063, and only the content of the report will be verified.

This option foresees the following verification system in the new scheme:

- the requirements concerning the report will be verified “in field”, to check that they are true and correctly reported. This means, for example, that a verifier will not only assess if an indicator has been correctly elaborated, but he/she will also check if an initiative described in the report has really been undertaken, its results, the ownership of the initiative by the management, etc.
- other basic EMAS requirements can be usefully maintained: a policy, the definition of objectives and programmes for environmental improvement, etc. They could be easily requested as contents of the report (if they are reported, then they should be in place).
- the strengths of EMAS should also be maintained: legal compliance could be requested as a pre-requisite and continuous improvement should be a crucial requirement to be documented in the report. In this case, if the organisation does not satisfy one of these two basic requirements, it cannot achieve registration.

The most ‘delicate’ issue concerns the environmental management system. Since it would not be effective to drop this requirement (as shown by the evidence of the EVER study), the new EMAS regulation could foresee that the registration of the report is obtained only by those organisations that have some form of third-party certification of their environmental management. The third-party certification can be considered as an “entry level”.

This would imply that EMAS III will set no requirement at all on the EMS anymore, but will recognise ISO 14001 and other forms of certifications as a satisfactory guarantee. This will produce different benefits:

- Not only would ISO 14001 be recognised as a possible way to “enter” the new EMAS, but also other forms of certification (eventually, for example, third-party certified “staged approaches”, or simplified certifications tailored to SMEs’ needs)
- In this way, smaller companies would be able to obtain registration more easily.
- There will be no communication bias in reporting, since organisations will have to explicitly declare which certification has been obtained for their environmental management
- The Commission will have to select and approve the different forms of certification that are recognised as the “entry level”
- There will be no need for verifying any requirement on environmental management, because there will be no possibility of developing an EMS regulated by EMAS
- EMAS will be explicitly perceived as a “surplus” with respect to ISO and to other certifications, mostly focusing on consistent reporting and on some specific ‘strengths (legal compliance, continuous improvement,...)
- No change will be needed with respect to the current situation apart from the deletion of all the requirements on the management system, as more than 80% of the EMAS registered organisations are also certified according to ISO 14001

In the case this option is chosen, more guidance would be needed for developing the environmental reports to avoid different practices arising in different Member States and to make them more comparable – for instance by introducing the abovementioned Key Performance Indicators. Moreover, a new series of requirements on the content and on the format of the report(s) should be defined, and more in-depth with respect to the present Environmental Statement requirements.

A5.c) Potential impact

The improvement of the environmental statement as a “multi-tasking” communication tool, by increasing its “flexibility”, is strongly recommended.

The potential for increasing the number of registrations is high, as organisations are really interested in obtaining positive feedbacks from the stakeholders and rewards from the market. Furthermore, if the statement will be used as a communication tool to environmental authorities in administrative procedures (reporting legal requirements, permitting procedures, etc.), so the impact is going to be even higher.

It has to be underlined that, depending on the degree of “flexibility”, the proposed measures are complementary and synergetic: even if a thorough and detailed statement is used for communication with authorities, this will not be in contradiction with the “flexible” use for marketing of some of the validated information from the environmental statement , as described above.

This option does not imply a significant effort by the Commission or Member States in terms of economic resources. The recommended measures mostly rely on modifications to the requirements and to the verification / registration process.

The only effort required is the one related to the co-ordination between the Commission and Member States in developing the “bridging document” and the guidelines for the use of the statement in communication with public authorities.

Specific advantages of the EMAS statement as a reporting tool towards authorities are the following:

- Easier documentation of legal compliance, as a kind of regulatory relief.
- Less reporting to environmental authorities.
- Strong support to local authorities in administrative procedures, as an indirect effect .

An significant disadvantage of this option could be the difficulty in introducing performance-related requirements. Through the EVER study we have seen scepticism about the possible use of the EMAS statement as a tool for benchmarking. It is argued that setting some benchmarks for e.g. emissions is not compatible with the idea of the environmental management schemes that are conceived to address the environmental impacts of a particular organisation and their own performance improvement (not comparable with others). It is also argued that the circumstances of companies in, for example, different geographical areas, are too diverse for this kind of comparisons to be meaningful.

A specific comment should be made on the final hypothesis of transforming EMAS into a reporting tool. This option could have an important impact in terms of number of registrations, as it is based on some of the most urgent requests collected by the EVER study. On the other hand, we have to acknowledge that some opposition has been seen to the idea of excluding any requirement on the EMS from the new Regulation, due to credibility and consistency reasons, and to fully recognise ISO 14001 and other certifications as an equivalent guarantee.

A5.d) IMPACT PROFILE:

	A5 (overall)	A5.1	A5.2	A5.3
Increase in the number of registrations	**	*	**	**
Improvement of environmental performance	*	*	*	**
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	*	*	*	**
Organisational and co-ordination effort by the European Commission	**	*	**	**
Organisational and co-ordination effort by the Member States	**	*	**	**
Economic resources needed	*	*	*	*

*** = considerable

** = moderate

* = low

Option A6: making EMAS mandatory

A6.a) Rationale

A review of previous studies and experiences provided the following evidence:

- There have been some attempts to implement EMAS as a compulsory requirement enacted by law (or through an ad hoc regulation) aimed at highly polluting companies / sectors or at companies located in high environmental risk territorial areas.
- There are some EU policy areas (i.e.: environmental or ‘contiguous’ areas, such as industrial risk and occupational health and safety) in which the Commission already introduced some mandatory requirements asking companies to implement (parts of) a management system. Examples are: the Seveso II Directive (encompassing a full management system of industrial risks) and the IPPC Directive (even if several Member States did not fully grant this Directive, excluding the management-related requirements).
- Within the framework of the “Thematic Strategy on the Urban Environment”, a discussion has been raised on the possibility of making it mandatory for large urban areas to adopt an Environmental Management System (and, in particular, EMAS registration) in order to guarantee an appropriate and effective implementation of the foreseen EMP (Environmental Management Plan).

Within the EVER EMAS-workshop, the issue of a mandatory application to some specific sectors of activities has been dealt with in different parallel sessions.

The general outcome of these discussions was negative regarding the idea of making EMAS compulsory for any kind of organisations (including public authorities).

The main reason for the opposition this option is that it runs counter to the current voluntary character of the system. As one participant stated, “*a mandatory application of EMAS requirements should be grounded on totally different premises and principles, requesting a completely different verification and validation system (the current voluntary-based system could not be used)*”.

In addition, from the perspective of maximising the environmental gains of EMAS, an compulsory approach should be designed to cover in particular those companies with a high environmental risk and/or high emissions/high resource consumption. While an obligation to introduce EMAS could be seen as a drastic step, many participants at the workshop argued that such companies should already apply environmental management systems. In fact, depending on the precise definition of the sectors / sizes for which the mandatory approach would be valid, one can assume that the majority of the companies which then would have to use EMAS are already registered under EMAS or certified according to ISO 14001.

A6.b) Description and Ways of implementation

Due to the opposition to a ‘mandatory approach’ for specific companies or sectors, this option is not recommended. We instead propose three alternative scenarios, that could be based on a compulsory application, but from a different perspective:

A6.1. Transforming EMAS into a “command and control” policy instrument, aimed at highly polluting companies and sectors

This drastic measure implies a revolutionary approach with respect to the original aims and guiding principles of the scheme. EMAS would not be applicable as a voluntary instrument

anymore, but it would only be used as a mandatory requirement for obtaining guarantees in terms of environmental management. In this case, EMAS could be transformed into a standard “management system” requirement, applicable to different policy areas: environment, industrial risk, health and safety etc. When, in the future, new EU legislation is conceived for particularly risky or polluting companies, the “management system” would be included as a baseline requirement. The new EMAS regulation would not be applicable “per se”, but only within mandatory legislation.

This measure implies a radical change in the verification and validation process: if EMAS were to be a “command and control” instrument, then the scheme must be totally managed by public competent bodies and the verifiers must be identified among public control bodies (as for the Seveso II directive).

A6.2. Introducing a mandatory requirement for municipalities in urban areas to adopt an Environmental Management Plan, promoting the use of EMAS as a useful tool

In defining the applicative framework for the Thematic Strategy, an obligation could be imposed on large municipalities and on municipalities operating in large urban areas (e.g.: more than 100,000 inhabitants) to adopt and implement an Environmental Management Plan. Actually, the Communication COM (2004) 60 already stresses the importance of local authorities using an appropriate environmental management system to help them ensure the implementation of their urban environmental plan and to monitor its progress. If the adoption of the plan is made compulsory, then the local authorities will have to choose the most effective tool for guaranteeing that the EMP is fully implemented. EMAS would be proposed as a voluntary tool, but useful to satisfy a mandatory obligation.

One could expect that local institutions, as is already beginning to be the case, would prefer EMAS over ISO 14001 or other privately managed schemes.

In this case, the measure proposed would not be applicable by means of the EMAS revision, but would require a further intervention of the European Commission in future years, in the applicative framework of the Thematic Strategy.

A6.3. EMAS could become a mandatory requirement for companies wishing to manage big events

This measure would mean an obligation for companies, committees and other bodies, that want to be candidates for the organisation and management of big events (fairs, expositions, sport events, music events, etc.) tendered by public authorities, to obtain EMAS registration. If these bodies obtain EMAS registration before the candidacy, they will be able to plan, organise, prepare and carry out the big event within their environmental management system, taking into account the need for legal compliance and continuous improvement.

This measure has a weak point: once the responsibility of the event has been assigned (and the event organised and planned), it would be very difficult to revoke the contract in a case where the EMAS registration is dropped or lost, due to non-compliance.

The measure proposed could be applied by including in the new Regulation an obligation to consider EMAS as a mandatory pre-condition for the management of big events.

A6.4. EMAS could become mandatory for all those in receipt of EU grants

Each year hundreds and thousands of organisations benefit from EU grants. Application for grants or final payment of grants could be cross-linked to EMAS participation. Thus, participants at EU-Life, but also beneficiaries of the EU regional and structural funds and beneficiaries of the various subsidies of the Common Agriculture Policy could be requested to participate in EMAS.

The rule would relate to the final beneficiary of the grant not only to intermediary agencies.

The measure would have to be implemented through the various regulations stipulating the conditions for EU-grants.

Given the risk that the those in receipt of grants might participate in EMAS without any long-term commitment it would be wise to combine such a step with stronger requirements on the provision of evidence that the environmental management system leads to environmental performance improvements.

A6.c) Potential impact

The potential for increasing the diffusion of the scheme is only moderate in this case. The first measure is not consistent with the current use of EMAS as a voluntary tool, so its impact would not be relevant for this discussion. For the other two measures, the impact would mostly be in terms of indirect effects, i.e.: by way of 'pressure' that EMAS applied in public institutions and big events can exert on related organisations (local industry, tourism accommodations, etc.).

A slightly higher impact could be obtained in terms of performance, as EMAS has proved to be an effective tool for environmental improvement in different kinds of organisations (including public institutions).

None of the proposed measures imply a significant investment in terms of organisational and economic resources.

A6.d) IMPACT PROFILE

	A6 (overall)	A6.1	A6.2	A6.3	A6.4
Increase in the number of registrations	**	**	**	*	**
Improvement of environmental performance	*	**	**	*	*
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	*	*	**	**	*
Organisational and co-ordination effort by the European Commission	*	**	*	*	**
Organisational and co-ordination effort by the Member States	**	**	**	**	**
Economic resources needed	*	*	*	*	*

*** = considerable

** = moderate

* = low

Option A7: EMAS as a ‘code of principles’

A7.a) Rationale

While the number of EMAS registered organisations is increasing rather slowly, the uptake of ISO 14001 has been rapid. Numbers ISO 14001 certified organisations in Europe are increasing steadily and soon might be ten times as high as the numbers of EMAS participants. Furthermore, so called alternative and staged approaches (Ecoprofit, Eco-Lighthouse, BS 8555, e+5 etc.) have had quite some success. Total numbers of participants in alternative and staged approaches already are higher than the number of EMAS participants, even though such approaches are on the market only in a minority of EU countries.

The success of the alternative and staged approaches relies on a number of factors, i.e. lower requirements, regional or sector-specific approaches, service packages, convoy-approaches etc.

At the same time, all alternative and staged approaches are clearly based on EMAS and although they have reduced some requirements and in some cases taken up additional elements, the basic structure is based upon the European management system. EMAS itself, however, has not been able to benefit from the success of these schemes as they are seen rather as competitors than as supporters of EMAS. Broadly speaking, the same holds true for the relationship between EMAS and ISO 14001.

To profit from the success of the other schemes and systems, to avoid further competition and to support environmental management in European companies by all means possible, EMAS could be enlarged to encompass various other types of environmental management systems and schemes: ISO 14001, various alternative approaches and some “home-made” environmental management systems in individual companies.

The move would constitute a return to the early days of EMAS. Before framing EMAS as a precisely described environmental management system, only certain principles on environmental management were under discussion (e.g. Tutzing declaration).

A7.b) Description and Ways of implementation

This option relies on the possibility of changing the ‘philosophy’ of the scheme, in order to increase its flexibility, lower the degree of formality and standardisation of the requirements and to focus only on environmental commitments by the organisations (and on their capability to achieve consistent results). In other words, a “revised” EMAS registration would be awarded to those organisations that undertake a credible commitment towards the improvement of the environment and that demonstrate they are really able to contribute.

It would be possible to rethink the scheme basing it on a different approach to environmental improvement: applicants could be requested to adopt and to comply with a code of principles, rather than to specific operational and/or management requirements. A slightly different approach from this would be the possibility of an open scoring system.

A7.1 Fixed Set of Principles

In order to be registered, organisations might adopt an officially recognised environmental management scheme or use their own home-made system. If they use their own system they will have to:

- Officially subscribe the code of principles. (top management could also be asked to adopt the principles by means of official acts within the organisation: policy, mission, statements, etc.)
- Demonstrate that they pursue those principles in their strategic behaviour and in their day-to-day operations.
- Concretely implement actions, and adopt tools and initiatives, in order to prove that they are able to effectively pursue the subscribed principles.
- At the same time, they will be free to do this by choosing any environmental management tool, that seems appropriate.

Parallel to this EMAS could become an umbrella scheme recognising various types of environmental management scheme. Each of the alternative systems would be checked and approved to see if it complies with the set of pre-established principles. Each company that participates in ISO 14001 or at any of the alternative schemes (Ecoprofit, Eco-Lighthouse, BS 8555 phase 3 etc.) would become automatically an EMAS participant.

In practical terms, the scheme could be implemented with the following steps:

- The Commission would agree with Member States and establish general principles to which applicants must commit to and then pursue in carrying out all their activities (e.g.: “save energy”, “reduce GWP”, etc.). The principles should not contain quantitative standards or performance limits.
- Each of the alternative EMS schemes would be checked by the Commission and only approved if they comply with the set of principles pre-established.
- Each company that participated in any of the schemes (ISO 14001, Ökoprofit, ECO-Lighthouse, BS 8555 phase 3 etc.) would immediately become an EMAS participant or under certain additional conditions.
- Organisations applying the principles in a ‘home made EMS’ or using an approach which cannot be registered (e.g. Ecomapping) could also certify their approach against the set of principles and become EMAS participant. They would be free to choose the aims and the ways to achieve them. But, they would have to demonstrate the effort they were making at regular intervals. (by way of an environmental statement, for example)

For all participants reporting rules might be imposed to document to the Commission the achievements on each principle (e.g.: pre-set questionnaires, quantitative indicators, etc.). Also, some of the EMAS strongholds, such as legal compliance and continuous improvement, could be maintained to guarantee “baseline” requirements. In order to demonstrate that they concretely contributed to the improvement of environmental conditions, organisations might be requested to prove that they invested economic resources in this area (e.g.: by using environmental accounting indicators).

From an institutional perspective some requirements would be necessary at least for all applicants that follow a non certified approach:

- A national independent body, created on a national basis, would take the responsibility for the final assessment if an organisation deserved to be registered or not
- The independent body would guarantee that stakeholders have an effective role and would have the power to decide if an organisation was actually behaving consistently with the principles and achieving required results
- NGOs, consumer associations, academics and other social stakeholders could be involved in the national independent body, in order to guarantee a fair and balanced system.

- Verifiers could still be involved in the scheme: once an organisation was registered, they would check if the improvement efforts were really being implemented and if the organisation did anything in contradiction with the principles of the scheme.

A7.2 An open scoring system

A scoring system can be applied on the basis of the information on what the organisations achieved during each year:

- Within such a system, applicants would receive credits for different actions which they undertook. If their total score were high enough, they could become EMAS participants.
- The same approach would be applied on a regular basis to assess the participants and renew (maintain) their EMAS registration.
- The required scores could be different for different groups of participants (e.g. larger companies would need more credits).
- Finally it should be noted that EMAS, if conceived as a “code of principles”, could easily be enlarged into a CSR scheme by adding credits on social actions, in which case the participant will receive a different EMAS recognition (e.g. EMAS – CSR logo).
- Also different levels of EMAS participation would be possible (according to the credits received).

A7.c) Potential impact

The option proposed is basically aimed at increasing the number of organisations within the framework of a new EMAS scheme. Thanks to the introduced flexibility and to the possibility of including other EMS-based schemes as potential ‘actions’ to be undertaken, this option could reach its main goal. As a matter of fact, establishing strong (but general) principles and allowing for a more flexible and agile implementation of the actions for their achievement, could have a great potential in the promotion of EMAS.

In particular, this option has considerable potential for involving SMEs, due to its ‘lower’ requirements in terms of organisational structure, procedures, documentation and other management tools and solutions.

In the short term, effects on the improvement of environmental performance would be low. However in the long run, it might well be that a big increase in the number of registered companies would result in positive effects on environmental performance at the aggregated level, i.e.: of the economic system as a whole.

A moderate organisational and co-ordination effort by the Commission and by Member States would be necessary, especially as concerns the defining of the principles, the negotiation with other environmental management schemes and the defining and implementation of a scoring system on the different possible actions for environmental improvement.

If the new scheme were to be conceived as a ‘code of principles’, some positive consequences can be foreseen:

- It would be easier to explain and communicate it to the general public
- The scheme would be more consistent and it could be explicitly linked with the environmental policy priorities of the European Union

- It would be able to attract organisations that are interested in specific environmental aspects (and not in a comprehensive approach to environmental management)
- It would rely on the “pull-effect” of more well-known and diffused environmental management schemes

All the abovementioned advantages would probably allow for ‘self-promotion’ and, therefore, would imply resource savings in the promotion and marketing of the scheme.

A7.d) IMPACT PROFILE:

	A7 (overall)	A7.1	A7.2
Increase in the number of registrations	***	***	***
Improvement of environmental performance	*	*	*
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	**	**	**
Organisational and co-ordination effort by the European Commission	***	***	***
Organisational and co-ordination effort by the Member States	*	*	*
Economic resources needed	*	*	*

*** = considerable

** = moderate

* = low

Option A8: making EMAS a truly and widely recognised ‘standard of excellence’

A8.a) Rationale

Even if EMAS has not been set up with the intention of creating a system for just a small minority of ‘top runners’, the literature often considers the scheme as a standard of excellence, which can and should be achieved only by a few organisations. Often EMAS is referred to as the “Rolls Royce” of Environmental Management Systems.

It is difficult to determine if the facts are confirming this:

- First of all, the actual effects of EMAS registration on company’s environmental impacts are difficult to quantify. While some studies point towards a positive, in some cases important effect, others do not find a strong correlation between EMAS registration and high environmental performance.
- Nevertheless, the only statistically significant evidence concerning the “absolute level” of environmental performance shows that organisations that are simultaneously registered in EMAS and certified according to ISO 14001 perform better than those that are only ISO 14001 certified.
- On the other hand, a number of companies dropped EMAS in the past and continued with ISO 14001 and (given the current numbers of the two schemes) many potential participants of EMAS clearly decided to go for ISO 14001 instead. A clear differentiation between EMAS and ISO 14001 seems one way to solve these problems.
- An effective way of making the real environmental “top runners” win in the competition arena, is to favour and promote benchmarking.
- More generally, literature emphasises that in order to stimulate the improvement of environmental performance by industry, the role of government should focus on the setting of priorities for action. For most sectors, such priorities would have to be established at EU level to ensure a level playing field.

The interviews carried out within the EVER study provide additional information:

- EMAS participants perceive their performance as better than the others’: 67% of respondents assesses their environmental performance as (somewhat or much) better than the performance of competitors or similar organisations, operating in the same sector.
- Nevertheless, EMAS is not widely seen as a benchmark: 62% of the whole sample regarded and use EMAS as “best practice” for environmental management among industrial sectors or other types of organisations, but if we consider only the non-participants the perception of EMAS as a benchmark drops drastically to 36%.
- Most interviewees believe that this perception can be enhanced by making EMAS a real “standard of excellence”, e.g.: by “*strengthening the requirements regarding the use of performance indicators*”, by making it “*a more performance-driven scheme*” or by enabling “*benchmarking on performance between participant and non-participant organisations*”.

A8.b) Description and Ways of implementation

This option aims at defining a clear positioning and generating a true and consolidated perception of EMAS as the highest possible level of environmental management systems.

With that positioning EMAS can also effectively serve as a benchmark for all other environmental management systems and approaches.

We therefore propose some measures to reinforce the positioning of EMAS as a standard of excellence. This choice implies that all the features of the system that guarantee a high level of environmental performance are strengthened as much as possible and that participation in EMAS is performance-driven, e.g.: it guarantees a high level of energy and resource efficiency and a low level of emissions in participating organisations.

In order to achieve these objectives, the new EMAS regulation could rely on the following measures:

- The use of Key Performance Indicators (KPIs) could be set as a requirement of the new Regulation, in order to stimulate a higher attention to performance and to enhance benchmarking between competitors.
- Companies operating in different branches and sectors would be asked to measure their performance on the basis of specific KPIs, that would be set according to the environmental policy priorities of the European Commission (e.g.: global warming, ozone depletion, energy saving, etc.). Working groups could be created within the Commission to identify the relevant KPIs for the different sectors and sub-sectors. The KPIs could be based on the most recent and widespread methodologies (ISO 14031, 14032, EC Rec. 532/2002, etc.) but should be sector-specific.
- Moreover, organisations might be asked to publish the KPIs in the environmental statement (see also the “reporting and communication” option). This would imply that participants be forced to publish information and data in a comparable way and that differences in their performance would be immediately apparent to the reader of the EMAS statement. This will stimulate competition on “environmental performance”.
- A further aspect of this approach, aimed at making the scheme even more performance-driven, could be that of asking EMAS registered organisations to either improve a minimum number of indicators (in order to show that they are able to effectively pursue continuous improvement) or even to pursue indicator-led objectives, set by the European Commission. In the latter case, for each KPI that identified as relevant for a branch or a sector, the Commission would define an objective for improvement (e.g.: in terms of % reduction of a pollutant emission, or energy saving / water recovery performances, etc.). EMAS would then be awarded to those organisations that are able to achieve these objectives. In this way, the requirement of ‘continuous improvement’ would be reinforced and applied to the KPIs, focusing more on environmental performance.
- The achievement of an objective could be measured by the improvement in the KPIs. For example, the new EMAS could simply ask participating companies to improve their performance on at least 5 out of the 10 KPIs selected for a particular sector. Obviously, in this case performance improvements would be weighted according to the ‘distance’ from the best-performing value of the KPI or from the corresponding objective.
- Since the KPIs (and eventually the associated objectives) would be the basis for benchmarking and for stimulating performance improvement, they could be set, if it is the case, according to the BREFs (Best Reference Documents) or to the EU Ecolabel criteria, when these are available, as these references already result from a prioritisation and negotiation process involving industry and stakeholders.
- By identifying KPIs (and eventually objectives) on some prioritised environmental impacts, the Commission would also support EMAS organisations in identifying their

most significant environmental aspects and, even more importantly, choosing their priorities for improvement actions.

- To make a new EMAS even more oriented towards ‘top runners’, additional measures could be undertaken to favour those registered organisations that are performing better during a given period of time. For example, the Commission could organise an annual contest among EMAS participants and award those organisations that are performing better than their competitors or those that are contributing to a greater extent to the improvement of a certain environmental impact (e.g.: CO₂ emissions) chosen as the “priority of the year”. Awards could also be provided as economic incentives (e.g.: subsidies for the sustained environmental costs or for further investments).
- Another way to strongly promote benchmarking and stimulate environmental competitiveness and improvement would be to explicitly benchmark the EMAS participants performance on the basis of the KPIs. A list of frontrunners and laggards could be made available for the stakeholders, as the Dutch Ministry of Economic Affairs did with the ‘Transparency Benchmark’ in 2004. This approach is already adopted for the rating of sustainability performance, e.g. by the DJSI (Dow Jones Sustainability Index).
- Sector specific guidelines on how to elaborate and produce the KPIs would be a necessary accompanying measure for this proposed option.
- A further measure to ensure EMAS being a standard of excellence could be that EMAS participants be required to comply with all international environmental agreements. Also, EMAS participants could be requested to apply the environmental standards foreseen in their country of origin in all countries in which they operate.

A8.c) Potential impact

Making EMAS a true, widely recognised ‘*standard of excellence*’ could attract more organisations and boost the uptake of the scheme. It should be noted that, by making the requirements more restrictive, this option would only produce an impulse for the number of registrations in the long run, while in the short run there could even be a slight decrease, owing to the new performance-based requirements.

This option would positively influence the EMAS capacity to contribute to environmental performance improvement by different sectors. Moreover, there would be positive indirect effects on the economic system, connected with the availability of clear references and benchmarks on environmental performance and “usable” indicators (e.g.: for non participants SMEs, for green public purchasers, for local institutions and trade associations, etc.).

However, the benefits of the perception of EMAS as a ‘standard of excellence’ could mostly be seen in a clear market positioning of the scheme. While at present EMAS is neither particularly easily distinguishable from ISO 14001, nor is it clearly positioned as a system for all or only for a few, the proposed system in the future would send a clear message. By holding the position at the top, it would also be easier to argue for incentives and favourable conditions which would be exclusively obtainable by EMAS participants. (e.g.: regulatory relief and flexibility, access to GPP procedures, etc.; see also the other options presented in this report).

Disadvantages of such an explicit and strong move towards such ‘excellence’ would be that the number of participants could actually decrease in the short term and, with that, there could be a lower justification for the administrative expenses for running the system. Also, such a

move would be successful only if companies really obtain sizeable additional benefits from reaching out towards higher levels of performance. Otherwise EMAS might become a theoretical model without further practical application. In a situation where external benefits and rewards of the scheme already are regarded as insufficient for attracting companies, the chances for realising the necessary substantial increase in benefits seems questionable.

Last but not least, the effort by the Commission in defining, proposing and discussing the KPIs (and eventually the objectives) with the relevant stakeholders, as well as in organising and managing the different possible solutions to award the “best performing” organisations, would be very significant.

A8.d) IMPACT PROFILE:

	A8
Increase in the number of registrations	*
Improvement of environmental performance	***
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	*
Organisational and co-ordination effort by the European Commission	***
Organisational and co-ordination effort by the Member States	*
Economic resources needed	*

*** = considerable

** = moderate

* = low

Option A9: targeting SMEs

A9.a) Rationale

A general problem of environmental management systems seems to be that of attracting SMEs. Though precise figures are lacking, the common understanding is that far less SMEs join ISO 14001 than one would expect according to their share of the number of companies worldwide. A special working group has been set within ISO specifically with the aim of finding solutions to this problem.

The situation concerning SME participation in ISO is not very different for EMAS. About two thirds of EMAS participants are SMEs, while their share of all companies is at around 99%. Also there is no reason to believe that the production processes of SMEs are much more efficient or cause less environmental damage than the production processes of large companies. As a consequence, there is still a large and widely untapped market for EMAS and there is a need to promote environmental management in this market segment.

As the review carried out within the EVER study emphasises, a prominent tool for attracting more SMEs could be a 'staged approach'. In theory, staged approaches offer several advantages for the implementation of EMAS: a low entrance-level, a clear guidance on how to achieve validation, flexibility concerning the speed in implementing the necessary steps to establish the EMS, and - ideally - a competitive climate between the participants towards the achievement of the validation. Apart from a staged approach, other tools seem appropriate to attract SMEs.

In fact, the general literature supports the idea of attracting SMEs and has come up with several ideas on the various ways this could be achieved:

- Research in EMAS implementation, and in alternative environmental management approaches, indicates that success with SMEs relies on a number of factors: regional and/or branch networks (see also the cluster approach, option A11), less administrative efforts for participants, low costs for certification/registration, package solutions (including group projects), and continued financial support.
- In a recent study for DG Enterprise a staged approach is advocated as an interesting instrument to increase the number of companies, in particular of SMEs, with an environmental management system. A recent German study (www.ems-for-sme.org) supports the idea that a staged approach can increase the number of EMS-participants, however the report is cautious as to what extent this is possible.
- In a survey by ISO TC207 61% of consultants to SME companies supported developing a step-by-step approach to certification.

In-field research has shown that:

- The majority of the interviewees support the idea of a staged approach. 56% of the participants said that a staged-approach would be somewhat to very important, and over 60% of the stakeholders agreed with this opinion. SMEs in particular supported the idea (almost 60 %).
- SMEs felt in particular that administrative relief is fairly important or even very important (62% of all SMEs)
- SMEs also supported strongly the idea of tax abatement for EMAS participants (68% agreed that would be fairly or very important)

- SMEs underlined that information and promotion campaigns would be helpful to remove barriers to EMAS implementation (almost 80%)
- SMEs also indicated in particular that decreasing the cost of registration and verification would be important (47% of the SMEs indicated that would be fairly or even very important)
- Also, they indicated that simplified access to EMAS registration for micro enterprises and SME would be important (47%) and that support funding (including pilot projects) would be greatly beneficial to the scheme (52%).

At the EVER-EMAS workshop a special parallel session was dedicated to the question of how to attract SMEs:

- The participants clearly stressed the importance of a staged approach as an instrument to attract more SMEs. In particular, it was emphasised that a staged approach allows better control over costs and benefits.
- Participants also agreed that cluster registration would be beneficial to raise the number of EMAS registered organisations.

A9.b) Description and Ways of implementation

As indicated by various empirical sources, any attempt to attract SMEs on a large scale has to involve a bundle of instruments. Many of these instruments are already mentioned as part of other options pointed out in this report:

- Cluster-approaches can give SMEs a particularly good opportunity to learn from each other in the implementation process of EMAS. Moreover they offer the chance to strengthen local networks. They also decrease the total cost of implementing EMAS for each participant (see option A11).
- Regulatory relief like fast track procedures, or easier procedures to maintain permits, are very important to SMEs, since they generally they lack time and resources. Therefore any reduction in administrative work is very welcome. (see option A1).
- Promotion of EMAS can encourage SMEs to use EMAS as a marketing tool. SMEs, like all companies, are interested in improving their reputation through EMAS participation. Such gains rely on public awareness of the scheme (see option A2)

In addition to these, two additional measures could be focused particularly on SMEs:

- Relying on the forthcoming guidance standard for a staged implementation of ISO 14001, that would include EMAS
- Providing more effective support to SMEs by means of methodological and operational guidelines based on an 'easy' approach

A9.1. Introduce a top level (EMAS) within the guidance standard

At the ISO level it already has been decided that a guidance standard for a staged implementation of ISO 14001 will be developed. The standard will include EMAS. The stages of this guidance standard shall not be certifiable. Obviously, it would not be helpful for EMAS to develop, parallel to that, a different staged approach.

However, EMAS could benefit from this move by ISO and additionally or alternatively go even further.

The idea of the guidance standard is based on BS 8555. BS 8555 already foresees registration under EMAS as an ultimate step. The guidance standard might also include, as a last step to the top, to register under EMAS. It even might include other steps beyond that, which could be potential add-ons to EMAS.

EMAS could include a special registration for SMEs that are able to achieve e.g. step 3 of the new guidance standard. This registration would be open only to SMEs and offer them a lower level of EMAS registration, with simpler requirements. Also by such a move, EMAS could enlist existing alternative environmental management approaches. Many of them to a large extent already fulfil the requirements of BS 8555 phase 3. For SMEs seeking wider recognition it would be easy to carry out the missing steps. It might even be that the alternative environmental management approaches would start to offer such a module to their participants.

Public support for EMAS would need to be adapted and would need to take into account the lower level of EMAS for SMEs. E.g. financial support could be offered in two steps, a smaller amount for “EMAS SME” and a larger for the full EMAS.

In order to attract companies in the long run to the full version of EMAS, it would be possible to introduce a time limitation for SMEs to stay at phase 3 and to remain certified as EMAS SME.

A drawback of this option is that there would be a second EMAS (EMAS SME) which might create some confusion to the market.

If this option were to be implemented then the Commission would need to take care that the new guidance standard contains a level which is appropriate for being an EMAS SME. The level should require SMEs to do as much as necessary but allow them to skip as much of the administrative work as possible.

A9.2. Stronger guidelines for SMEs

Alternatively, a simpler route for EMAS could be made available to SMEs by way of methodological and operational guidelines for the implementation process, addressed to companies, to verifiers and to consultants or promoters (it could be strictly connected with the “cluster approach”).

The guidelines would need to be very clear on the steps that must be taken and the ways in which the implementation of EMAS requirements could be “made simple” for SMEs (e.g.: “EMAS EASY” project). It would need to have a very operational and pragmatic approach and include “good practices” and useful tools (tested “in-field” and approved by the Commission) that would be enable SMEs to easily develop their environmental management system.

The guidelines could be officially published as Recommendations (starting from those already existing), but it would need to be made extremely clear that verifiers must accept the approach as an integral part of the scheme.

A9.c) Potential impact

Implementing the option could have an immediate effect on the EMAS participation. So far only in a minority of EU Member States, and within these states only in certain sectors or regions, do companies have the option of choosing an alternative approach instead of EMAS.

With this move EMAS would create a scheme which is applicable in all Member States. At the same time the scheme could rely on the existing infrastructure of EMAS and partly on the benefits created for EMAS companies. If applied properly the scheme could be co-branded at the regional level and thus make use of regional networks as much as possible. The move would be particularly successful, if the EMAS SME were to be accompanied by the other measures indicated before.

Advantages of the scheme are:

- SMEs could become well represented in EMAS. With that a target group which oftentimes has no environmental management at all can be reached.
- Potential SME participants could no longer criticise EMAS registration with the argument it would be too demanding.
- The Commission would dispose of a new tool to stimulate environmental management.
- If enough SMEs signed up to EMAS, it could lead to a 'me-too' effect by which every new company attracts even more new participants.

Disadvantages of the proposal are:

- Setting up a new lower-tier system might create confusion in the market.
- Some SMEs which might have decided to register under EMAS itself will stay with EMAS SME if allowed to do so.
- A new system of public benefits has to be set up which relates to EMAS SME and which differentiates between provided benefits for the participants there, without compromising the level for benefits offered to EMAS participants.
- Setting up EMAS SME might have a negative impact on the market of the existing alternative environmental management approaches.
- In shaping the requirements for EMAS SME the Commission depends on ISO.
- Reduction in the EMAS requirements for SMEs might be contested by the larger competitors.
- Some political frictions with ISO and some Member States might arise from the fact that the planned guidance standard for staged implementation of EMS does explicitly exclude any certification.

A9.d) IMPACT PROFILE:

The impact profile spells out the consequences of the introduction of EMAS SME. Introducing the other elements of a full SME target approach will have different consequences depending on the exact tool which is used.

	A9 (overall)	A9.1	A9.2
Increase in the number of registrations	**	**	*
Improvement of environmental performance	*	*	*
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	*	*	*
Organisational and co-ordination effort by the European Commission	***	***	***
Organisational and co-ordination effort by the Member States	***	***	**
Economic resources needed	***	***	**

*** = considerable

** = moderate

* = low

Option A10: EMAS with a stronger product dimension

A10.a) Rationale

Since 2001 the product dimension has been explicitly included in EMAS II, among the so-called ‘indirect environmental aspects’, and the verification system has provided for product dimension coverage among those aspects. But experience analysed in the EVER study shows that this dimension has never been treated by participants, verifiers and competent bodies as a significant issue or as a potential value adding element of the scheme.

In the overall EU environmental policy, the environmental performance of products is becoming more and more evident, spurred by the Integrated Product Policy, and more directly, in EU Directives on packaging, electronics, waste (WEEE) and latest in the Directive on establishing a framework for the setting of eco-design requirements for energy-using products – the EuP directive of July 2005.

The reinforcement of a ‘*product dimension*’ in EMAS is seen as desirable and is supported by much of the evidence collected in the EVER study. The actors involved in the scheme particularly emphasised the possible synergy with a product “ecological profile” and/or a product declaration system, with possible links to the Eco-label scheme.

The literature review we can see the following:

- Several studies and projects recommend the full integration of the ‘product dimension’ into Environmental Management Systems (including EMAS) by means of different types of assessment and management tool (LCA, LCC, LCM, POEMS...) or other forms of labelling (especially type III: environmental profiles or EPDs); a particularly interesting piece of information from a previous study is that 75% of companies that published a certified EPD are also implementing an ISO-certified or EMAS-registered management system. It has to be noted that only 6% is implementing EMAS.
- A restricted number of very operational pilot-projects show that this integration can be useful and effective, although today, in most of the cases, the ‘product dimension’ is not very well developed within Environmental Management Systems (not even in those implemented after 2001 within EMAS II, in such a way that takes into account the product-related “indirect aspects”).

Additional evidence has been provided by the EVER in-field research:

- To some extent, the product dimension is already part of EMAS: 72% of the EMAS participants declare that the environmental management systems influences the product performance in other phases of the life-cycle and/or in the supply chain. Only 6% state that this influence is ‘great’ (for the others it is ‘considerable’). At the same time, the environmental improvement produced by EMAS on product-related indirect aspects (such as the transport phase) is still low compared with the one on direct aspects. The overall impression derived from the interviews is that the potential for integrating the ‘product dimension’ in EMAS is interesting for companies, but far from being fully realised.
- ISO type III labels can be a synergetic tool for EMAS: the majority of respondents consider the EPD (or other environmental profile) systems as complementary to

EMAS. It should be noted that a high number of participants on both sides were not able to answer, due to a lack of knowledge on type III labelling.

- There is a certain awareness of the potential benefits emerging from a stronger link and synergy between EMAS and the EU Ecolabel: 46% of the respondents on both sides (i.e.: companies participating in one of the two schemes) sees potential synergies between EMAS and the EU Ecolabel. The synergies that could be realised within the framework of the revision of the schemes are found at the operational, marketing and institutional level, at the same (high) level of interest.

At the EVER EMAS workshop in Brussels, there was an agreement among participants that two options are emerging for EMAS participants for further improving of their environmental performance of their product and giving evidence to the market place:

- Put pressure on suppliers
- Choose suppliers fulfilling the requirements

Supply chain cooperation is already part of the implementation of EMAS by many organisations, but the requirements and recommendations in EMAS could be much more clearly stated. Participants also agreed that not only the ‘before’ is important, but so is the ‘after’: Product Chain Management should hence be implemented and strengthened. Participants in the workshop agreed strongly on the potentially synergetic use of EMAS together with product oriented instruments, such as the EPDs and the EU Ecolabel (also in a “modular” way).

A10.b) Description and Ways of implementation

This option is about the inclusion of optional requirements for EMAS participants that are interested in improving the environmental performance of their products within EMAS implementation. The measures proposed are conceived as an ‘add-on’ to the regulation and they rely on the already existing requirements of other policies, directives and international standards.

A stronger focus on the product dimension as a mandatory requirement in EMAS is not recommended as an appropriate route because, firstly, it is not relevant for some parts of the user community (for instance services and public organisations) and, secondly, it might put some companies off EMAS because of the additional operational and documentation burden.

A10.1. Connection and synergy with ISO type III labels and with the EuP directive

This first measure is grounded on the idea that, by providing quantified environmental information from the whole product chain, an Ecological profile or an EPD can support EMAS with further environmental information for marketing in B2B relations, more evidence on product environmental ambitions and performance, and even further relevant environmental information in relation to public green procurement.

Moreover, an Ecological profile or an EPD could be the tool by which an EMAS registered organisation can put pressure on its suppliers (and better manage its supply chain from the environmental performance point of view), give evidence to suppliers and customers about the fulfilment of product-related requirements and even provide evidence of product performance in the EMAS environmental statement.

If the Ecological profile or EPD is taken into account within EMAS, these potential 'competitive uses' may attract new companies to EMAS and, at the same time, provide a higher institutional guarantee to the existing product-related environmental management and communication tools.

The rationale of this option is to provide additional institutional recognition to those companies that are willing to provide thorough and transparent information on their products, by adopting already established methodologies and standards.

This option is well-grounded in initiatives that the Commission is already undertaking and developing (e.g.: Directive 2005/32/EC, on "EuPs"), as well as on some increasingly diffused initiatives based on ISO 14025.

In particular, many actions will be taken to implement the EuP Directive, but there are two main important elements which a product-oriented EMAS can rely on:

- Ecodesign requirements shall be set up by the Commission, meaning any requirement in relation to an energy-using product or design of such product, intended to improve its environmental performance or any requirement for the supply of information with regard to the environmental aspects of the EuP (including Ecological profiles). These requirements can be based on "harmonised standards", already developed by third parties and approved by the Commission.
- Companies covered by this directive shall eventually prepare so-called Ecological profiles, once again according to "harmonised standards".

This definition of the Ecodesign requirements and Ecological profile in the EuP Directive is very similar to the definition of Product Category Rules for Environmental Product Declaration (EPD) in the ISO standard 14025 and national EPD schemes (for instance in Sweden, Denmark and Italy).

Given the fact that energy-using products cover many products in the market place, these requirements will also affect many potential EMAS participants.

This option foresees that:

- Organisations that prepare a so-called "Ecological profile" (defined as a description of the input and outputs – such as materials, emissions and waste – associated with the product throughout its life cycle) will be entitled to use the EMAS logo on the products and to diffuse the Ecological profile validated within EMAS III (eventually, as a section of the environmental statement).
- This measure will be included in EMAS III, not as a requirement (mandatory to be registered), but rather as an 'add-on' only for organisations that are interested.
- Introducing and applying 'ex-novo' requirements for Eco-profiles in the new Regulation will be too complex, and will overlap with existing standards/systems (a new "EMAS-ISO14001 effect" must be avoided).
- Instead, these standards/systems should be backed and endorsed by the Commission.
- The product profiles, therefore, would have to be prepared according to those international or national standards/systems that will be recognised and approved by the Commission as possible references to develop an Eco-profile.
- The Commission will establish a working group with the aim of assessing and approving the standards and systems that can be used as references by EMAS registered organisations to prepare an Ecological profile or EPD.
- Among these standards/systems, for example, there will be the 'harmonised standards' foreseen by the EuP Directive, once the reference to such a standard has been

published in the Official Journal of the European Communities, or other standards/systems referring to EPDs (Environmental Product Declarations)

- Only the organisations that are able to demonstrate, by way of appropriate documentation, that the profile prepared for the relevant products complies with one of the recognised standards, will be allowed to use the EMAS logo and to diffuse a validated ecological profile.
- This approach will be particularly effective if and when ISO 14025-based Environmental Product Declaration systems are officially recognised in ‘harmonised standards’ within the EuP Directive (in this case, they could be taken as a reference also for non EuPs) or by way of mutual agreement with the bodies in charge of managing these systems.

Harmonisation between the different standards/systems (e.g.: different PCRs on similar product groups) will be a major issue in the implementation of this option. If an international EPD system is developed and put in place, this could also effectively be recognised by the Commission as the main reference in this field.

A10.2. Links to Eco-label

Introducing ‘add-on’ requirement related to Eco-profiles will also automatically better link EMAS to the EU Ecolabel, since participants will obviously get data from the whole life-cycle of the product chain and thereby they will have easier access to the documentation required by the EU Ecolabel.

This is just a single measure aimed at creating a better relationship between EMAS and the EU Ecolabel (strictly connected with the ‘product dimension’ option). More measures are presented and dealt with in Part C of the present report, that is specifically focused on the potential integration between EMAS and the EU Ecolabel.

A10.c) Potential impact

Advantages of the “EMAS with a stronger product dimension” are connected to the fact that this option:

- Emphasises the differentiation from ISO 14001
- Offers new possibilities for frontrunners to show their environmental product performance, and valorise it on the market
- Makes EMAS a better marketing tool, because products are more often in focus than management systems, at least in marketing strategies
- Allows for a more efficient use of the EMAS logo
- Promotes a coherent approach with and better links to some other EU regulations and directives

Disadvantages of EMAS with a stronger product dimension are the following:

- An Ecological profile or an EPD is still a new tool to industry and purchasers.
- Best practice is not known yet.
- Commitment among industry to prepare an Ecological profile or an EPD are not known.

- Specific eco-design requirements for the Ecological profile or product category rules for the EPDs are not developed yet. Such requirements on many product groups are essential.
- A Product oriented EMAS will require a strong marketing effort and clear market advantages for the participants
- The management of the different EPD standards / systems are placed at different organisations / units / bodies. There are no formal established mechanisms for harmonisation or coordination at management level neither at national nor at EU-level.
- A broadly accepted data foundation and collection strategy would be needed and require a co-ordinated management of all the EPD systems and of the provisions to be established (e.g.: for the implementation of the EuP Directive).

A10.d) IMPACT PROFILE:

	A10.1	A10.2
Increase in the number of registrations	*	See part C
Improvement of environmental performance	**	See part C
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	**	See part C
Organisational and co-ordination effort by the European Commission	*	See part C
Organisational and co-ordination effort by the Member States	*	See part C
Economic resources needed	*	See part C

*** = considerable

** = moderate

* = low

Option A11: enabling and promoting a “cluster approach”

A11.a) Rationale

Networking between organisations emerges from our literature review as one of the most important factors fostering the diffusion of EMAS. Working with groups of companies, for example, emerges as a useful and efficient way of adopting EMAS in SMEs. This happens to be particularly effective between organisations operating in the same sector (such as the industrial sector, but even service sectors like tourism or public institutions operating at different levels) and between organisations operating in the same region (or territorial area), or both.

In the first case, enterprises collaborate by identifying and assessing similar environmental aspects and by finding technological and operational solutions that can be applied to similar production processes and products, as well as by defining organisational structures suitable for the “local production cycle”. In the second case, co-operation is facilitated by the ‘physical contiguosness’ and there are synergies both in improving the environmental impact on the same local eco-system, and in interacting and communicating with the same stakeholders (local population, authorities, etc..).

For some, a network has been created among SMEs within an ‘industrial cluster’, in order to favour information and experience diffusion and to define and apply common solutions to similar environmental, technical and/or organisational problems, or to share environmental management resources (training, audit teams, etc.). Another kind of co-operation between organisations takes place within the supply-chain. When a large customer, for example, is willing to support small suppliers in EMAS implementation, then all the smaller organisations involved in the supply chain can benefit greatly from networking.

This approach proved to be effective in some Member States: Germany (the so-called “Konvoi” approach), Italy (for the so-called APO “Ambiti Produttivi Omogenei”), Spain (co-operation in the supply chain and for tourism activities), Nordic Countries (especially in Denmark, Sweden,...).

The in-field research confirmed the existence of some of these effects and a support (stronger from SMEs) for the idea of promoting the cluster approach:

- EMAS is positively affecting environmental management within the supply chains: 77% of the EMAS participants support their suppliers in the adoption of measures and initiatives for environmental improvement and 72% declare that the environmental management system influences their products performance in other phases of its life-cycle and/or in the supply chain.
- 54% of all interviewees (including participants, non participants and stakeholders) believe that simplified access to registration for micro enterprises and SMEs would be a fairly or very important support measure and incentive for EMAS development. Another 17% believe that that this would be “somewhat important”. This percentage is higher if we consider the sub-sample of the small companies (less than 50 employees).
- It should be noted that the interviewees were also asked to assess the possibility of registering an ‘industrial cluster’ as a potentially effective support measure and incentive for the diffusion of EMAS: 31% believe that this approach would be fairly or very important, an additional 23% think it would be “somewhat important”. The consensus on this hypothesis is much higher if we consider the sub-sample of SMEs.

As anticipated, participants to the EVER EMAS workshop agreed that cluster registration would be beneficial to increase the number of registered organisations.

Finally, one of the case studies of the EVER study was carried out on an SME that developed the process for EMAS implementation within a cluster. This company mostly relied on the resources that were made available and shared by the other organisations involved. The case study shows how this approach enormously reduced costs and time, favouring the adoption of EMAS.

A11.b) Description and Ways of implementation

All these approaches are grounded on a similar base and do work in the same way:

- Within a given cluster of organisations (supply chain, industrial district, hotels and restaurants in a tourist area, schools and kindergartens in a region, etc.) one actor (or a small group) takes the lead for promoting an EMAS-oriented networking initiative (a large customer, the trade association, the local authority, etc.)
- The promoter of the initiative plays the role of the ‘locomotive of a train’, trying to ‘pull’ as many organisations of the cluster as possible, in order to create and provide to every ‘wagon’ with as much support and shared resources as possible
- In some cases, the promoter is an EMAS-registered organisation, but in many other cases, this role is also played by non registered companies and public institutions
- The networking within the cluster takes place by sharing common technical, operational or management resources that support a single organisation in complying with individual EMAS requirements
- The largest part of these experiences were not able to be registered as a unique ‘composite organisation’ (according to Decision 681/2001/CE – Annex I pt. 6), mainly due to free-riding problems

Many private and public actors, already playing the role of promoters and catalysts, are today asking for an explicit and official recognition of a cluster approach in the new EMAS Regulation. These actors are also requesting a chance to simplify the EMAS process for small and very small organisations in connection to a cluster-based application of the scheme, especially when they operate in the above mentioned homogeneous clusters: an industrial district, a supply chain, a tourist area, etc.

The revision of EMAS could further develop the rules already provided in Regulation 761/2001/CE (Art. 11) and in Decision 681/2001/CE, Recommendation 680/2001/CE and Recommendation 532/2003/CE and introduce a specific article in the new Regulation for a “cluster” application of EMAS.

The steps to implement this option could be the following:

- A set of requirements could be introduced for an organisation that wants to be a promoter and catalyst (i.e.: a “locomotive”) for a cluster approach. This organisation could be private, public or a consortium, and could be created on an ad-hoc basis for carrying out this initiative.
- The cluster would have to be well identified, clarifying what the other typologies of organisations that can benefit from using this support are. The cluster would have to have very strict geographical limits (an industrial area) or could be ‘unbounded’ (such as a network of providers located all over the EU and operating through e-commerce).

- These ‘cluster requirements’ would be based on previous EMAS Recommendations and Decisions, and would be included in the new text of the Regulation. Some examples of these requirements are: the promoter must carry out an initial environmental review relating to the cluster, it must approve and diffuse an environmental policy for the whole cluster, it must define common targets and a programme to pursue continuous improvement, it must report on the environmental performance of the whole cluster.
- The promoter would be requested to register in EMAS as an individual organisation and, in addition to that, to submit to an accredited verifier all the “cluster requirements” carried out to support and help the other organisations of its cluster.
- Verifiers would have to obtain a special accreditation to check and validate the ‘cluster requirements’. Member States should provide for this accreditation framework, on the basis of guidelines provided by the Commission.
- Once they are verified and validated, these requirements (cluster initial review, policy, programme, etc.) would then be available for the other organisations and could be used with no need for further submission them to another accredited verifier. These requirements would substitute the individual EMAS requirements for the single organisations.
- Provided that the other organisations of the cluster were able to develop the small number of missing parts of EMAS on an individual basis, they could register in the scheme in a simplified way.
- If the promoter were able to guarantee the implementation and availability of the minimal set of ‘cluster requirements’ to the other organisations, and it is able to stimulate and support an increase of individual registrations in the cluster, year by year, then it will be awarded a special recognition by the European Commission. This special recognition would be needed, in order to stimulate the initiative by a large number of potential promoters.
- This recognition could be, for example: the official mention of the validated ‘cluster requirements’ in the promoter’s EMAS certificate, its inclusion in a special section of the register dedicated to ‘EMAS promoters’, the diffusion of the cluster experience by the Commission as a best practice (as it is partially happening already), an annual award for the “best promoter of the year” for those who will produce the highest number of individual registrations, etc.

A11.c) Potential impact

Depending on the attractiveness of the ‘recognition’ given to promoters, this option might have a very considerable impact on EMAS diffusion. In fact, it is likely to strongly motivate proactive players to take the initiative and support a large part of the organisations in a cluster, that either suffer from a lack of resources or are not stimulated enough to undertake the EMAS adoption process.

It is self-evident that this option might have a very strong impact on the improvement of the environmental performance (by transferring to small and reactive organisations knowledge, resources and tools to improve environmental management). For the same reasons, also indirect effects could be important.

The only organisational effort requested to the Commission would be that of managing a separate and new section of the register and to organise the marketing activities for the

“EMAS promoters”. The only economic resources will be needed to sustain these marketing activities.

A11.d) IMPACT PROFILE:

	A11
Increase in the number of registrations	**
Improvement of environmental performance	*
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	**
Organisational and co-ordination effort by the European Commission	**
Organisational and co-ordination effort by the Member States	*
Economic resources needed	*

*** = considerable

** = moderate

* = low

Option A12: integration of CSR- and sustainability- related issues

A12.a) Rationale

The literature review investigated on the relationship between environmental management and several strategies and tools that are included in the wider concept of corporate social responsibility (and sustainability, at large). Based on some of the most important experiences, the following evidence was collected:

- The high level of complementarity and mutual reinforcement between environmental management and health and safety management was emphasised. Notwithstanding this positive outcome, there seems to be low official consensus on the hypothesis of an integrated certifiable standard in this field, especially among industry representative associations.
- Specific research show that many ISO certified and EMAS registered companies are drafting and publishing a 'sustainability report' (according to the GRI standards). This proves that there is a growing interest by EMAS organisations in communication on other sustainability issues and on their performance in corporate social responsibility as a whole.
- Less information in the literature and fewer examples can be found on the connection and synergy between EMAS and other CSR-oriented tools.

In order to gain further insight into the relationship between EMAS and sustainability, a significant part of the in-field research was devoted to this issue, providing the following results:

- Sustainability-targeted initiatives are rather diffuse among organisations: 65% of the respondents (summing up all groups) in the past carried out initiatives for employee involvement in social issues, 47% performed stakeholder engagement on social issues, 67% developed (or are developing) an occupational health and safety management system (OHSAS 18001 or others) and 43% drafted (or is drafting) a sustainability report. No significant difference in these percentages between EMAS participants e non participants was reported.
- Promoting and favouring integration between EMAS and health and safety is an interesting option: 62% of all the interviewees is in favour of integrating health and safety into EMAS (68% among EMAS participants).
- An upgrading of EMAS to a wider scheme on CSR and/or sustainable development is controversial: 50% support on this option, 50% do not. Largely preferred is the possibility of including CSR-related issues in EMAS, as an add-on of the current scheme (with a "modular" approach).

A specific parallel session within the EVER EMAS-workshop was aimed at discussing the relationship between EMAS, CSR and the other pillars of sustainability. The outcome of this discussion confirms the findings of the in-field research.

On one hand, there is a growing interest in CSR and a full awareness that EMAS must be a part of this wider concept (in relation to this, one of the people interviewed during the in-field research said, *"how can an EMAS registered company be socially irresponsible as concerns child labour or workers' health and safety? It would totally compromise its credibility and image, we should not allow this"*).

On the other hand, the actors involved and interested in EMAS are not ready for (and in favour of) a full integration within a CSR-oriented scheme, for to several reasons:

- The uncertainty regarding a precise identification of CSR-related issues and the possibility of measuring and assessing them (as it is done with the environmental issues)
- The fact that these issues are usually dealt with in the general business strategy and not by way of operational tools (such as a management system).
- The limited diffusion of experiences in managing CSR-related issues.

‘Reporting’ is the area in which integration with other CSR-related issues has been considered viable and, to some extent, already diffused.

Some interest has also been shown by the workshop participants towards an integration with occupation health and safety management, which was considered feasible.

Despite the abovementioned difficulties, and since participants believed that a CSR framework for voluntary instruments is desirable in the long run, a gradual approach to integration was suggested.

A12.b) Description and Ways of implementation

This option proposes a first attempt of introducing CSR-related issues in the new EMAS regulation, by means of an optional series of requirements (“add-on” to the existing scheme). This is done by way of a sort of “modular” scheme, that makes it possible (but not mandatory to obtain the registration) for the participants to develop additional initiatives concerning CSR, and validate them through the environmental statement.

The premise of this approach is the need for EMAS to fully and exhaustively deal with the concept of ‘environment’ as defined by ISO, i.e.: including ‘human beings’ as a target of the impacts generated by any activity. This implies, for example, that the integrity and well being of the employees and of the local communities could be considered as part of the environment, i.e.: potentially affected by the productive and economic activities of an industrial company.

If this approach is accepted, then there could be a natural extension of the EMAS scope, with the explicit aim of promoting many of the issues related to CSR and sustainability.

The option could then be implemented by way of the following operational steps:

- The aspects that could be dealt with in the new scheme would be defined in the revised regulation (e.g., by stating that it is possible, on a voluntary base, for the registered organisations to undertake initiatives relating to: occupational health and safety, child labour, non-discrimination, diversity management, socio-economic aspects, etc.).
- The new EMAS would specify that these initiatives, undertaken within the context of the environmental management system, should be reported in a special section of the environmental statement.
- The text of the new regulation could mention the GRI guideline (Global Reporting Initiative) as the main reference to define an effective reporting on CSR and sustainability issues.
- The information reported in this section would be checked and validated by the accredited verifier, according to the ordinary procedures (the verifier would assess if the content of the section was reported in the correct way – e.g.: according to GRI – and if it was consistent with the behaviour, the strategies and the results achieved by the organisation in that area).

- At this first and experimental stage, no additional requirement would be included in the new regulation with respect to the ‘new’ issues (e.g.: requirements for an integrated management system), leaving the organisations free of undertaking different kinds of initiatives. The aim would be to evaluate the outcome of this innovation with EMAS III, in order to eventually introduce new requirements with EMAS IV.
- This approach would be applied, in particular, with respect to occupational health and safety (OHS): if a large number of EMAS organisations chooses to implement and report OHS management initiatives (and even OHS management systems), then the Commission could decide to include it in the future revision as an integrant part of EMAS IV.
- The proposed approach implies that if, for example, the organisation declares that it operates with an health and safety management system, integrated with the EMS, the verifier should be able to check and validate this.
- The requirements for the accreditation system would take this possibility into account, and provide an indication on how to enable verifier to play this role. This implies that a special accreditation would have to be foreseen for verifiers that could validate the environmental statements including an additional section on CSR or sustainability.
- For credibility and coherence reasons, the only two pre-requisites that would need to be added are the legal compliance in those areas (and for those aspects, like diversity management) on which the organisations decides to report, and the inclusion of the same aspects as an extension of the ‘environmental policy’.
- In the event of a positive outcome of the validation process, no special sustainability- or CSR- registration would be foreseen; the only benefit for the registered organisation would be that of using a validated ‘sustainability report’ (in this case, the organisation could be allowed to change the title of the environmental statement).
- Therefore, EMAS registration procedure (including the certificate) would not need to be changed, insofar as it would keep on referring to an EcoManagement and Audit Scheme. The Commission could create a special section of the EMAS register for those organisations that could choose this approach.

A12.c) Potential impact

This proposed option is highly recommended, because it enables the experimentation of the potential success of CSR- and sustainability- related issues, with no specific constraint for non-interested organisations. In this case, it would be important not to create additional requirements and make it more difficult for small and medium organisations to apply for the new scheme.

On the basis of the study’s findings, we estimate that the potential impact in terms of increased number of participating organisations could be reasonable, but would be concentrated mostly on large companies. In any case, this experimental approach would enable the Commission to assess the potential success and, if positive, to further modify EMAS in future revisions, heading towards a full CSR- or Sustainability- oriented scheme.

We can also envisage considerable indirect effects of this option, in terms of diffusing the knowledge and the awareness (and, eventually, best practices) on these issues to the whole business sector, and especially to SMEs, that are not yet approaching CSR or sustainability in an organic way.

Additional organisational resources would have to be deployed in the implementation of the scheme, due to the enlargement of its scope. Firstly, a significant internal organisational effort would be needed from the European Commission in order to co-ordinate the functions that deal with different aspects of CSR and sustainability. An additional coordination effort would be needed by the Commission and to the Member States in order to set up and manage an appropriate accreditation system.

The economic resources required to directly support the option would, however, be low.

A12.d) IMPACT PROFILE:

	A12
Increase in the number of registrations	*
Improvement of environmental performance	*
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	**
Organisational and co-ordination effort by the European Commission	***
Organisational and co-ordination effort by the Member States	*
Economic resources needed	*

*** = considerable

** = moderate

* = low

Option A13: involving the banking and insurance sector in EMAS

A13.a) Rationale

The literature review identified many recent initiatives in the financial and accounting areas that are leading to an increasing need to obtain environmental guarantees and information from companies and other organisations:

- The Basel II Agreement obliges banks to assess and cover all types of credit risk. (many banks are trying to comply with this agreement by also taking into account the ‘environmental’ credit risk);
- The new International Accounting Standards (IAS) requires the evaluation and accounting of immaterial assets (even if not explicitly the environmental ones);
- Recommendation 2001/453/EC strongly encourages companies to report on environmental expenses and investments (including this information within the economic balance sheet or within a separate report) and the subsequent Directive 2003/51/EC on the rules for annual and consolidate accounts required the inclusion of “non-financial key performance indicators relevant to the particular business, including information relating to environmental and employee matters”;
- The new directive on Environmental Liability (2004/35/EC), requires companies to get insurance or alternatively to demonstrate that they are correctly managing their relevant risks (the problem being how to prove this);
- There are an increasing number of sustainability stock market indexes and rating systems that are assessing companies on the basis of their environmental performance.

We should emphasise, however, that the EVER findings also show that these initiatives do not include explicit references to the use of EMAS as a guarantee or to the use of environmental statement as a tool for data provision. (with the exception of few banks and sustainability indexes that are taking EMAS into account for their assessment procedures.)

The EVER in-field research confirmed that:

- One of the most important motivations for participants to obtain EMAS registration has been to better manage risk and prevent environmental liability (scoring 3,7 on a max of 5).
- A vast majority (81%) of EMAS participants believe that the Commission and the Member States should involve financial institutions in the implementation of EMAS, so to make registration a favourable condition for credit, insurance, etc. (this option averagely scored 4,1 on 5). This result is one of the most ‘wanted’ and agreed-upon options of all the in-field research.
- Similar results were obtained for stakeholders (4,0) and non participants (3,7).

These issues were also discussed during the EVER EMAS-workshop (within the parallel session on the integration of EMAS with other legislation) and the prevailing opinion was that something should be done to increase the very important incentives that potentially could be provided by the credit and insurance sector.

A representative of a registered bank strongly emphasised that *“the Commission must provide banking / financial institutions and insurances with clear indications concerning the need and opportunity to use EMAS in risk assessment and on the way this can be done”*.

A13.b) Description and Ways of implementation

EMAS can become a scheme that aims at providing guarantees on environmental risk management by companies to different actors of the financial sector: banks, private and institutional investors, insurances, stock market, etc. This option will improve the usefulness of EMAS in many business relations for the participant organisations.

In order to achieve this objective, two kinds of measure are recommended.

A13.1. Measures to be adopted by the European Commission to improve the awareness and adoption of EMAS in the banking, financial and insurance sectors

The following steps should be taken:

- In the revision of Directive 2003/51/EC, the EMAS statement would be identified as an effective way of providing relevant environmental information and would be proposed as the ideal tool for those Member States that intend to make social and environmental reporting for businesses obligatory.
- In the revision of the Directive 2004/35/EC on Environmental Liability, EMAS should be identified as a 'best practice' for companies that want to demonstrate the effectiveness of their environmental management and risk prevention. EMAS registration should be an guarantee accepted by Member States, that could be used even as a preferential condition if they decide to impose mandatory insurances for relevant environmental risk.
- In the same context, EMAS would be a favourable condition for the reduction of insurance premiums.
- When involved as a party in the discussion on the Basel II agreement, the European Commission would be able to lobby in favour of the development of environmental credit risk

A13.2. Measures to be foreseen within the framework of the next EMAS revision

The following steps should be taken:

- As proposed for the 'reporting' option, registered organisations would be invited to validate information concerning issues that might interest banks and insurance companies and they would be allowed to freely circulate this. (also in a 'stand alone' format and with no previous validation of the 'extract' from the full text statement)
- The Commission should set up a working group with credit, financial and insurance institutions aimed at defining the data, indicators and information that are more interesting for these stakeholders and requested in their standard procedures. The outcome of the working group would be a guideline for EMAS organisations on how to report, on one hand, non-financial information on social and environmental performance (including risk) and, on the other, environment-related financial information (environmental expenditures, investment, hidden liabilities, etc.)
- The Commission would need to be able to fund pilot-projects on the application of these guidelines for the assessment of credit-worthiness and risk by banks and insurance companies, especially if carried out in the newly Member States and involving SMEs.

A13.c) Potential impact

This option could produce significant impacts both in terms of increases in numbers of registrations and in the environmental performance of participants, but this would happen only if the first set of measures recommended is fully adopted. As this would take some years, the impacts would be only visible in the long run, while in the short-medium run these impacts would be moderate.

The potential indirect effects of both the sets of measures are very high, because they will mainly aim at supporting the credit, financial and insurance institutions with more effective information and tools to better manage a relevant category of risk (that is capturing a growing attention by all the economic actors): the social and environmental one.

The organisational effort required by the Commission and the Member States would be low (the directive revisions are due, and coordinating a working group is not complex). Similarly, the support needed in terms of economic resources will be low.

A13.d) IMPACT PROFILE:

	A13 (overall)	A13.1	A13.2
Increase in the number of registrations	*	***	*
Improvement of environmental performance	*	*	*
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	**	***	**
Organisational and co-ordination effort by the European Commission	*	**	*
Organisational and co-ordination effort by the Member States	*	**	*
Economic resources needed	*	*	*

*** = considerable

** = moderate

* = low

Option A14: EMAS for local authorities and public institutions

A14.a) Rationale

Most of the evidence collected in the EVER study (in-field research, literature review, workshop) points towards adopting measures targeted at public institutions within the EMAS revision process, both to improve Public Administrations (PAs) capacity to implement EMAS requirements and to strengthen their role in promoting the scheme.

The main challenge seems to be the correct identification, assessment and management of indirect environmental aspects: the concept of ‘influence’ (e.g. to what extent the policies of a public institution or its activities influence the activities of other actors) is indeed both difficult to grasp and to measure.

A wide literature review reports that:

- Nearly all the studies and pilot projects analysed confirm that indirect environmental aspects are one of the key features of EMAS implementation by public institutions (see report 2);
- The majority of European pilot projects dealing with EMAS implementation by local authorities aim at providing them with tools ‘tailored’ to the specific needs of public administrations; the difficulties reported are mostly related to the *lack of competence and knowledge* within PAs, as well as to the *lack of operational and practical guidance and tools*;
- the decision to adopt EMAS is closely related to PAs nature and functions e.g. the role they play in being an example for the community they govern, and their need to obtain and maintain consensus (political consensus above all, within a broader framework of stakeholders’ relations);
- *budget constraints* are often a significant barrier to EMAS adoption: when resources are limited, EMAS has to compete with many other local government priorities;
- *a lack of recognition by public institutions (mainly superior administrations) and external feedbacks* also hamper the effectiveness of EMAS after the initial registration.

The in-field research and the EMAS-workshop confirm that:

- The most desirable option for supporting and stimulating EMAS adoption by public institutions is the provision of *technical training and information support*, such as: the indirect aspects to be taken in consideration, suggestions on how to measure indirect aspects and practical examples and best practices taken from interesting experiences.
- The three other most important measures according to the interviewed EMAS-registered PAs are “*regulatory relief*”, “*support funding*” and “*the use of the Environmental Statement as an official communication document in the standard administrative procedures*”;
- *Lack of competence and difficulties in involving, motivating and obtaining the commitment of the personnel* act as barriers both in participating in and maintaining EMAS;
- A significant part of the study focused on to the role to be played by PAs in their community. The main drivers to EMAS adoption identified within the interviews refer to “*political consensus*” (50% of the PAs interviewed) and to “*local stakeholders and community’s relations’ improvement*” (43%).

Another interesting point was touched upon during the EVER EMAS workshop in Brussels: there was a general agreement among the participants that registered PAs are not fully exploiting all the communication opportunities offered by EMAS. A shared view was that EMAS III should give PAs more effective tools for the communication of their environmental decisions and actions, and to allow them to better interact with the social stakeholders.

A14.b) Description and Ways of implementation

This option is based on several measures identified as being useful and potentially effective ways to improve public institutions' capabilities of implementing EMAS requirements and stimulating participation in the scheme.

It should be noted that the idea of a separate EMAS scheme for public institutions is clearly not supported by the EVER study (either by the interviewees or by the EMAS workshop participants); consequently, this option relies on some measures that are aimed at strengthening the current framework of the scheme.

It should also be noted that, being local authorities (and public institutions at large) and being therefore a specific typology of 'participants', many of the above mentioned options can be applied to them in a similar way (e.g.: economic incentives, promotion and marketing of the scheme, EMAS as a reporting and communication scheme, etc.). As we are about to see, this option deals particularly with the attempt of better "tailoring" some of these measures to the needs and specificities of public administrations.

Below are a first set of possible measures, aimed at responding to the need for better guidance and a pragmatic orientation on some EMAS requirements:

- The Commission could publish official guidelines addressed to public administrations, especially focusing on the assessment and management of indirect environmental aspects (by developing the small number of general rules contained in Decision 681/2001/EC, I, 8). These guidelines would have to be filled with operational and empirically-based examples and good practices.
- In the same guidelines, the Commission could adapt the content of Recommendation 532/2003/EC on environmental performance evaluation and indicators to the specific needs of public institutions.
- Finally, in the same guidelines, the Commission could even propose a standard-model for the environmental statement (with a format that could be used by public administrations).

A second set of measures aimed at reinforcing the multiplier effect that, from an initial 'pioneer' experience could lead public administrations to a wider application of EMAS and of its requirements are as follows:

- In EMAS III could be mandatory for the public administrations that opt to register just one (or few) part(s) of their organisation to commit officially (in their environmental policy or in the programme) to achieve EMAS registration for the whole administration in a certain period of time. This would be considered by verifiers as an essential part of the policy (or programme) and would be checked with a "continuous improvement" approach. The Commission could decide if public administrations are asked to specify themselves the period to achieve the objective, or if this is made explicit by the new Regulation by saying that this objective should be achieved within

a maximum length of time (e.g.: three years from the registration of the first part of the organisation).

- Also, the Commission could set specific requirements in the Regulation (or rules in the eventual EC official guidelines) foreseeing that even if the administration is not entirely registered, some of the key EMAS-related activities should involve the whole organisation (diffusion of the environmental policy, environmental training of all the employees, etc.).

A last set of measures can be envisaged to adapt some of the options previously described to local and public institutions, by means of 'tailor-made' specifications, e.g.:

- Financial and fiscal incentives: for EMAS registered local authorities, public expenses for the environmental improvement could be considered out of the scope of eventual budget constraints and limitations imposed by national governments. Fiscal flexibility could be granted to registered local authorities, to let them vary the taxation rates they impose on industrial companies according to the environmental performance of those companies.
- Regulatory flexibility: EMAS registered local authorities could be allowed to partly comply with the requirements of Directive n. 2004/4/EC (on public access to environmental information) by way of diffusing to the local communities the validated environmental statement.

A14.c) Potential impact

The increasing interest shown by public administrations in EMS certification and, especially in some Member States, particularly in EMAS, shows a high potential for improving the development and diffusion of the scheme in the EU.

Many experimental projects are under way all over the EU with the aim of supporting public administrations in developing an EMS according to EMAS requirements. As has happened with the first development phase of EMAS in the industrial sector, the difficulties and the barriers can be overcome by supporting the first tentative initiatives by local or regional authorities with technical assistance and other forms of direct support. In this regard, this option could initially produce high uptake of the scheme in this sector. At a later stage, other forms of 'external' incentives will be needed to maintain the push for EMAS, e.g.: a positive feedback by citizens and local communities (a recent study shows that this is already happening in Member States where EMAS is diffused among local authorities, such as in Italy), political and electoral consensus, success in the territorial marketing of the registered administration, etc.

As has been seen in the literature and as has been confirmed by the EVER study (see report 2), the adoption of EMAS can bring improvements of the environmental performance in public administrations, both directly and indirectly. On this basis, one might expect that strengthening the requirements for this category of EMAS participants (especially as concerns a better management of indirect aspects) could generate a positive impact in this area.

The same effect can be foreseen concerning the indirect effects: a larger diffusion of EMAS among public administration will foster the benefits in terms of integration with urban and land planning, inclusion of environmental criteria in public procurement procedures, etc.

Some effort would have to be made by the Commission in elaborating, drafting and publishing the proposed guidelines, while a lesser effort, in terms of economic resources, would be needed to promote and support “pilot” projects to test and apply these guidelines.

A14.d) IMPACT PROFILE:

	A14
Increase in the number of registrations	*
Improvement of environmental performance	*
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	***
Organisational and co-ordination effort by the European Commission	***
Organisational and co-ordination effort by the Member States	***
Economic resources needed	*

*** = considerable

** = moderate

* = low

Option A15: “Sudden death”

A15.a) Rationale

The very existence of EMAS is not supported by some stakeholders and practitioners. While there has not yet been any widespread debate, at least some argue in favour of abandoning the scheme. There are a range of arguments which are put forward to support that point of view. Partly those arguments refer to targets which have not been achieved, partly to the size of the problems which EMAS currently faces, partly to the political implications of current EMAS policy. This debate has been analysed by consulting direct sources and by way of the interviews carried out during the in-filed research of the EVER study.

- Targets

Some sources emphasise that EMAS attracts only a very limited number of companies. If the original EMAS target was that of introducing environmental management on a large scale (and this might be arguable), then this has not been achieved. The introduction of EMAS (as of other voluntary instruments, such as ISO 14001) depends heavily on the personal and idealistic values of the business owners and, in many cases, is driven by the corporate headquarters of operational sites.

Also, in many Member States EMAS has not achieved the target to empower and enrich a general command and control approach by a policy relying on a partnership approach with industry and on self-control mechanisms. This is one of the most relevant EMAS' lost opportunities, that (as we have seen in other options) could be pursued with the next revision but hasn't been realised up to now.

- Current problems

Neither the public authorities in some Member States nor in some EU institutions have clearly identified themselves with EMAS. Only a limited number of public authorities have signed up to EMAS (166 in total, the first EU institution only recently), although these figures are increasing.

As we described before, EMAS has not, up to now, delivered the benefits it promised for participants. While business expected to receive favourable treatment through EMAS participation, in many Member States administrative relief and procurement requirements still barely support EMAS. This represents another lost opportunity.

With limited public recognition, EMAS has found it very difficult to compete with ISO 14001. While EMAS imposes an additional burden with respect to ISO 14001, the additional benefit is perceived as too low: partly because the two schemes provide the same benefits (organisational and managerial benefits, reward on the market, cost efficiency), partly because the potential 'surplus' of EMAS (e.g.: in terms of institutional credibility, social-orientation, better guarantee of legal compliance), is not fully appreciated by those actors that should provide benefits to registered organisations, especially public institutions. Thus, most companies have chosen ISO 14001, as it is clearly shown by the numbers of the registrations / certifications.

- Political reasoning

While the number of participants is relatively low, the cost of supporting EMAS is relatively high: considerable funds have been spent by the European Commission and the Member States in the past (although it has to be noted that in many Member States also ISO 14001 is supported with public funding). These funds have been pumped into the industrial system as

direct support for the achievement of EMAS registration, not as incentives to keep registered organisations inside the scheme.

According to some observers, however, more important than the financial costs are the “political costs”. EMAS is thought to hamper the concentration of public policy on other means of environmental protection in companies.

In this framework, the argument is put forward that a strategic decision has to be made: if EMAS is seen as a strong public policy instrument, and a substantial additional burden is put on the companies to achieve a high-profile registration, then substantial benefits must be provided in turn. If the willingness for such benefits is missing, then the instrument should be abandoned or transformed into a far leaner version, which can eventually be run as a private scheme.

Scientific literature and official statistics partly back this line of reasoning. The following data is used as supporting evidence by EMAS critics:

- Far less than 0,1% of all companies in the EU are EMAS registered. Therefore even a 100 or 200% increase would not cause a significant market impact.
- 5 Member States have no EMAS registered site at all, 6 Member States 10 and less, 7 Member States 50 and less, and only 8 Member States have more than 50 registrations.
- Of the largest 100 EU companies, one quarter has signed up to EMAS with the maximum being 11 sites.
- The number of low environmental impact participants (from the service and the public sector) increases while industry participants, originally the primary target group of EMAS, become less.
- While EMAS currently has about 4.200 registered sites, about 3.000 have stopped registration in the past.
- According to surveys, ISO 14001 is seen by participants as easier to implement than EMAS.
- There are more than 33.000 verifications of ISO 14001 in the EU, but only about 4.200 registered EMAS sites. Also, numbers of ISO 14001 are increasing far more rapidly.
- Alternative environmental management approaches (e.g. Eco-Lighthouse, Ecoprofit, QuH etc.) are outnumbering already EMAS.
- Total administrative costs and costs of supporting EMAS diffusion (by means of direct funding) might even exceed 3 million Euro per year, which means that annual spending per participating organisation might even be above 1.000 Euro.

The in-field research did add some further indications towards the issues raised above:

- Several interview partners declared that EMAS needs a strong increase in participant numbers, otherwise it will not be able to continue.
- The substantial difficulties to find interview partners in some Member States has to be attributed to lack of interest and even discontent with respect to EMAS at a large scale.
- Lack of external incentives and recognition by public institutions figured very high in the reasons given for not implementing EMAS.
- Also several interview partners indicated that EMAS is seen as too close to ISO 14001 and that the additional benefit with regard to ISO 14001 is perceived as rather small.

The EVER EMAS-workshop did further support some of the arguments mentioned above:

- Once again, people indicated that EMAS does not differentiate itself enough from ISO 14001.
- Also the lack of public recognition (green procurement, administrative relief etc.) was intensely debated. At the same time, participants described the substantial efforts which have been undertaken to increase this support both at the level of the Member States and at European level – often with little or no success.

We can report a rather emblematic statement by one of the workshop participants, backing this position: *“Given the revision of ISO 14001:2004 that I consider as a standard that leads to high quality environmental management systems [...], the EC better put their efforts in contributing to the next revision of ISO 14001 as well [as] ensuring sound accreditation and certification practices. It is in my eyes a waste of public money to maintain a system that is clearly loosing interest in the market, where a good private alternative is available.”*

A15.b) Description and Ways of implementation

The option aims at reducing the financial and political costs of EMAS and at opening the way for new policy initiatives.

In order to implement the option, several steps seem to be necessary.

- The Commission should conduct a high level policy exchange with the Member States to discuss the policy shift. Since some Member States might resist heavily, it would be important to create a group of supporters of the idea. Since a number of Member States have (almost) no EMAS registrations, it seems likely that such a coalition of States could be set up.
- The Commission would have to develop, right from the beginning, ideas on how it can use the leeway which the termination of EMAS offers. The success of the termination of EMAS hinges very much on the way in which the closure of the scheme is promoted. It will be important to underline the new opportunities which such a step offers. New policy initiatives to promote environmental management can focus on ISO 14001, on the planned ISO guidance standard, on alternative EMS and on various other instruments.
- The termination would have to be underpinned by a systematic and thorough collection of arguments. That might include a cost-benefit analysis of the closure of the scheme. Reference could be made to substantial discrepancies among the Member States on the future of EMAS, to the low participant numbers, to the unlikelihood of attracting large additional numbers of participants, etc.
- The closure of the scheme is likely to be best done by adding a new provision in the current regulation which sets an end to the duration of validity to all provisions of the regulation. The end of the validity would be set in such a way that current EMAS participants are allowed to enjoy the benefits of their registration up until the end of their registration period.
- The closure of EMAS would include the dismantlement of the institutions linked to the scheme (competent bodies, accreditation bodies, Art. 14-committee, etc.)

It should be noted that the closure of the scheme does not necessarily mean that all elements of EMAS would have to be abandoned. As a matter of fact, there are many ways to maintain those segments of EMAS which it might be considered worthwhile to keep. The option to discontinue EMAS, therefore, overlaps partly with other options which foresee a substantial transformation and reduction of the current EMAS system.

One way to keep the certain elements of EMAS, while dismantling the scheme, could be a transfer to ISO. That might include a bridging agreement concerning the participants of the scheme, but it might also include features such as the introduction of the environmental statement as a voluntary element to ISO 14001. The recognition of these EMAS elements could be named “ISO 14001 plus”. The new work item proposal for ISO TC 207, the ISO guidance standard on a staged implementation of EMS, offers a good opportunity for such a move. The guidance standard could contain a step beyond current ISO 14001 which would add EMAS elements.

A15.c) Potential impact

In contrast to the other options laid down in this report, this option obviously does not have a positive potential impact on EMAS participation. However, it still might lead to a strengthening of the environmental management capabilities of European companies, since it might give further impetus to ISO 14001 and even to other initiatives.

Specific advantages of the option are:

- The Commission could focus on supporting other forms of environmental management schemes (including ISO 14001), avoiding further friction.
- Financial and personnel resources would be set free for new initiatives in the field of environmental management. These initiatives, if more effective than EMAS, might even lead to an improvement of the environmental performance, in the medium-long run.
- The move could be promoted as a part of the deregulation process of the Commission.

Relevant disadvantages of this option are

- The Commission’s credibility might suffer, from it abandoning its own scheme.
- The benefits linked to EMAS adoption by industrial companies and other organisations (see report 2 of the EVER study) will be lost: improvement of environmental performance, better management of legal compliance, improvement of image and of stakeholder relations, etc.
- The opportunities for improving the scheme, described in the Options above, will not be pursuable.
- Liability issues might arise especially if the transition period is set too short. EMAS participants than might claim damages due to the fact that they invested in EMAS relying on the fact that they could enjoy specific public benefits afterwards.
- Environmental management itself might suffer a loss of credibility, with the loss of one of its cornerstones.
- It would be difficult to gain acceptance of the move among the current proponents of EMAS.
- DG Environment loses an instrument on which it has major influence.
- Closure of one of the only two voluntary instruments which the DG Environment has, might be interpreted as a return to command und control policies.

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If parts of EMAS are kept and transferred to ISO, this implies other disadvantages:

- The necessity to promote and explain the new name.
- The imponderability of getting to an agreement with ISO or of modelling the new guidance standard as desired.
- The possible criticism that it would have been better if elements of EMAS were kept to brand them as EMAS rather than to transfer them to ISO.

A15.d) IMPACT PROFILE:

	A15
Increase in the number of registrations	(*)
Improvement of environmental performance	(*)
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	(*)
Organisational and co-ordination effort by the European Commission	***
Organisational and co-ordination effort by the Member States	**
Economic resources needed	*

*** = considerable

** = moderate

* = low

Option A16: “Slow death”

A16.a) Rationale

The basic reasoning behind this option is the same as it is for the option sudden death:

- EMAS is considered by some stakeholders and practitioners as unsuccessful and missing some of its targets (i.e.: broad diffusion)
- the size of the problem which EMAS faces cannot be overcome in the short run
- any substantial improvement of the situation will require decisive measures which come at a high cost (politically and financially) and which are uncertain to succeed.
- there is no need to continue with the scheme since valid alternatives (ISO 14001) for environmental management exist, even if EMAS is partly perceived as a more credible and reliable tool for many relevant aspects (legal compliance, stakeholder relations, environmental performance, etc.)

The motivation for the closure of the scheme is seen in:

- avoiding further costs associated with the EMAS scheme
- freeing up resources which are ‘locked’ in the administration of EMAS
- opening up opportunities for new initiatives in the field of environmental management
- increasing the power of the EU to influence the future of privately managed environmental management schemes in Europe
- potentially expanding environmental management in European companies through a focus on other more effective means

However, different from the option ‘sudden death’, the option ‘slow death’ aims at minimising the political problems associated with an abolishment of EMAS.

A16.b) Description and Ways of implementation

The option aims at abolishing EMAS while at the same time to avoid frictions with Member States, heavy criticism of other EU institutions and major discontent by relevant communities.

The easiest way to ‘terminate’ EMAS eventually is to slowly reduce all resources allocated to the scheme. That means: no further money spent on promoting the scheme, no further backing for any public supporting measures (like administrative relief or green procurement), not even direct financial support to EMAS participants, etc.

Currently, the scheme is heavily dependent on external benefits and resources. With no further promotion campaigns, no financing of EMAS participation, and no further public support of the participants, numbers are very likely to shrink decisively. In that way the scheme will slowly disappear. The more difficult legal abolition of the scheme can thus be deferred until later.

As in the case of the option ‘sudden death’, the success of this option depends partly on how it is communicated. The selling message of this approach might be, that EMAS after more than 10 years of existence should be able to stand on its own two feet. Given the strong support EMAS received in the past, any future failure of EMAS must then be attributed to the

unwillingness of business. Neither the Commission, nor the Member States can be blamed in this case.

In practical terms the Commission can start with such a move by reducing its own staff and abandoning any actions on EMAS. This includes no further publication of promotion material related to EMAS, no new pilot project on the use of EMAS in different sectors or countries, stopping the EMAS helpdesk, no further workshops and conferences on EMAS, no further activities or policy integration, etc.

However, most of the administration and promotion of EMAS is dealt with at the national level. Therefore, the implementation of this option must involve Member States as well. Consequently, the Commission might discuss with Member States reductions in their effort spent on administration and promotion of EMAS. While some Member States do not devote significant resources to EMAS others support the scheme with substantial financial and personnel resources. The objective would be that the scheme finances all administrative and promotion costs through the registration fees and that registration fees would have to be raised to enable this.

Under this option, the revision process itself should be guided in such a way that would not lead to further costs. Especially, the revised regulation should not require any additional commitment of public resources. Possibly any such commitment would even have to be reduced (e.g. Art. 11, 1, the obligation of Member States to promote EMAS, could be cancelled).

A16.c) Potential impact

The consequences of this alternative would be falling numbers of EMAS participants. However, at the same time, resources would be freed which could go into the promotion of environmental management through different instruments. The rationale behind the option is that any losses in environmental management through a decrease of EMAS are more than offset by the stimulation of other instruments of environmental management.

Advantages:

- Same of the “sudden death”, plus a less evident loss of credibility, lower level of conflict with some MSs and no liability actions by participants.

Disadvantages:

- The Commission can not really steer this solution. Mostly, it is the Member States who decide about resource input into EMAS.
- The solution leads to continued resource consumption by EMAS, costs will decrease only slowly and also the political struggle on EMAS will continue. The latter will partly impede new initiatives on environmental management and the formulation of a community wide Environmental Management promotion policy beyond EMAS.
- Once again this option will preclude to develop EMAS further and to potentially profit from the opportunities which the scheme offers.

A16.d) IMPACT PROFILE:

	A16
Increase in the number of registrations	(*)
Improvement of environmental performance	(*)
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	(*)
Organisational and co-ordination effort by the European Commission	*
Organisational and co-ordination effort by the Member States	*
Economic resources needed	*

*** = considerable

** = moderate

* = low

Option A17: Keep the scheme as it is today (Business As Usual)

A17.a) Rationale

Some stakeholders in the workshop and some interviewees contacted during the in-field research were in favour of very limited changes in the scheme.

A number of reasons are given for this position:

- Having seen a number of changes in the EMAS scheme since its inception it is better now to leave potential users, as well as current participants, some time to accustom to EMAS as it is right now. Too many changes over time make it difficult for business (and other potential participants) to understand what EMAS stands for.
- It is too early to judge the success or failure of the changes adopted with EMAS II.
- Problems with EMAS are mainly not connected with the regulation itself, but with the way it is applied in the various Member States of the Union and poor implementation which cannot be established through the EMAS regulation.
- EMAS is at least partly successful. Numbers of EMAS participants are rising. Also, particularly in Germany, the decline of numbers has stopped and figures are now even at a very slow increase again.
- Political consensus on major changes could be difficult to obtain (especially from the actors involved in the implementation of the scheme) and discussing such an option is likely to turn into a long negotiation process. Moreover, even if major changes are necessary, they do need however a very long discussion between the Member States and a long preparation. Therefore, only with EMAS IV there is a chance for implementing the necessary changes.

According to this view, carrying out a revision with no significant change to the current scheme and keeping on with BAU (Business As Usual) should be considered as an option.

A17.b) Description and Ways of implementation

The option does not signify that no changes would be made to the regulation. However, the number of changes foreseen under this option is limited and the especially the depth of the changes is rather low.

Changes which are often mentioned as necessary small adjustments of EMAS are:

- Abolishing the necessity of printing the environmental statement. The publication of the environmental statement through the internet is widely regarded as sufficient.
- Review of the guidelines and inclusion of the issues contained in the guidelines wherever possible within the regulation itself (SME, environmental aspects, use of the logo, validation etc.). Collection of the remaining issues within one guidebook.
- Return to EMAS I with respect to Art. 3 (3), i.e. a return to the three year cycle concerning the environmental statement and its validation.
- Creating the possibility of registering an organisation which is located in several Member States in one registration process rather than through separate registrations in each Member State.
- Support (promotion, external incentives, etc.) would continue at the current level or slightly increased, however not through mandatory measures binding the Member States or the Commission.

- Changes would mostly be restricted to the regulation itself and would not include changes in the institutional set-up of the system or with respect to other tools of Community or Member States policies.

It should be noted that this option could even end up being the unintentional consequence of some of the other options, presented above, if they are not fully implemented and they do not obtain a strong and real support.

A17.c) Potential impact

This option would not improve what some consider the 'weaknesses' of the scheme and would not provide a chance for a wider diffusion of the EMAS. Current trends in the development of the scheme would likely remain fixed and all the decisions would be postponed to the next revision.

On the positive side, no significant effort would be required of the Commission or the Member States.

Of course continuing the scheme would imply some continuing financial commitment.

A17.d) IMPACT PROFILE:

	A17
Increase in the number of registrations	*
Improvement of environmental performance	*
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	*
Organisational and co-ordination effort by the European Commission	*
Organisational and co-ordination effort by the Member States	*
Economic resources needed	*

*** = considerable

** = moderate

* = low

PART B:

The EU Eco-label

Package B.1. Changing institutions: modifying the framework of the EU Eco-Label to improve its effectiveness and efficiency

This cluster “Changing institutions” refers to the current institutional framework of the different regulations of the European Commission allocating rights and duties to the Commission, Member States, European Union Ecolabelling Board (EUEB), stakeholders and business for the management of the EU Eco-Labeling scheme. Below, we describe four options with different measures to modify the current institutional settings.

Option B1.1. Structures and decision powers: possible improvements

B1.1.a) Rationale

The structure of the allocation of rights, duties, structure and power between the Commission, the Member States and their Competent Bodies, the stakeholders and the applicants has been discussed several times since the start of the EU Eco-label scheme. Also, the EUEB's Policy Management Group has dealt extensively with this point over the last few years.

The general tendency of the survey carried out by Nuij (2004: 17) was to continue the European eco-labelling scheme under its current set-up; nor did the related informal draft non-paper (2002) propose any structural changes.

Our interviewees were quite clear about their rejection of a private scheme (overall average: 1.9 on a maximum of 5) and also did not prefer a purely public scheme (overall average: 2.6). At the EVER Ecolabel workshop, it was also emphasised that the optimal framework for the management of the scheme should foresee a mix of public and private actors - a structure existing in eco-labelling schemes of many Member States. The challenge of the privatisation of the scheme is discussed below as option 2 and we will therefore not go more deeply into this option at this stage.

Nevertheless, the credibility of the scheme, the present complex procedures, and the lengthy criterion development processes are challenges for the present scheme. Taking into account experiences of other schemes (like the German Blue Angel), we propose as ways forward some measures to reallocate institutional rights and the composition of the present bodies.

B1.1.b) Description and Ways of implementation

- Allocation of formal final decision rights: The current status of the Flower scheme allocates the formal final decision power to the Regulatory Committee. We propose to strengthen the importance of stakeholders and their self-perception as "owners" of the scheme by allocating the formal decision-making powers about the selection of product groups and the acceptance of requirements to a – modified (see below) – EUEB. The question of whether or not the EUEB should be should be *juridically* independent should be dealt with by a working group specifically set up to examine this subject. An institutional reform of the EUEB should aim at a wider market acceptance of product group selection and criteria elaboration.
- Composition & structure of the EUEB: The current composition of the EUEB should be

rebalanced by including new members (inclusion of a public procurement representative, a media representative, an educational representative) and reducing the influence of the Competent Bodies (see next measure).

- Voting and participation rights at the EUEB meetings: We propose to allocate voting and decision-making powers to the participating stakeholders (i.e. the current Consultative Forum) and to restrict the role of the Competent Bodies to that of a discussion partner with a reduced decision-making powers; the Competent Bodies should elect a chairman and a deputy chairman who would be able to vote on behalf of all of the Competent Bodies – but who would have only two votes. A different “balance of power” could also be proposed for the EUEB, provided that Competent Bodies should not be able to influence the final decision decisively. Concrete decision rules and prescriptions for qualified majority decisions have to be put forward by the Commission.
- Subsidies for specific target groups for joining the EUEB: Participation in the EUEB is time and cost-intensive. Participants without own funds and without commercial interests should be supported by direct funds, with a long term grant in order to guarantee continuity
- Criteria development process: The organisations and institutions involved in the criterion development process should be stimulated to become active and – if necessary – financially supported with a long term grant; especially small and medium sized enterprises (SMEs). Specific attention should be given to involve single companies, especially if these are environmental advanced companies and frontrunners, so that the Eco-label scheme can learn from their experience and stimulate market innovations.

B1.1.c) Potential impacts

The advantages of these measures will be a stronger empowerment of stakeholders, a shortening of processes and clarification of decision procedures.

Even if the proposed measure does not imply that the scheme is taken entirely out of the hands of the Commission, its organisational efforts might be relevantly reduced to a co-ordination and promotion role,. As an outcome, we predict some clear advantages with regard to the number of registrations, direct and indirect impacts.

A strong disadvantage is the risk of weakening the engagement and funding of the Commission at a time when more funding will be necessary.

B1.1.d) IMPACT PROFILE

Increase in the number of registrations	**
Improvement of environmental performance	**
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers, etc)	***
Organisational and co-ordination effort by the European Commission	*
Organisational and co-ordination effort by the Member States	*
Economic resources needed	**

*** = considerable

** = moderate

* = low

Option B1.2. Outsourcing and “privatisation” of the EU Eco-Labeling scheme (or parts of it): is this an opportunity for potential improvement?

B1.2.a) Rationale

Current experiences with the European eco-label scheme have led to discussion about outsourcing parts of the scheme, or even the complete scheme; the EUEB’s policy management group dealt with this topic in several meetings during its existence. The idea of outsourcing is based on the Canadian eco-label scheme which is completely run by a third party (TerraChoice Environmental Services Inc.).

There are several different candidates that could be considered for outsourcing, e.g. criteria development, decision-making process, awareness raising, marketing, monitoring or the entire eco-label scheme.

Completely outsourcing the whole scheme could be regarded as a “privatisation”, which would have all the advantages and disadvantages of more completely assimilating business and its interests. ERM (2003: 9f.) proposed a complete outsourcing as a radical revision scenario to stimulate market penetration of the eco-label. Discussion within the policy management group (meeting as of 22 September 2003) showed as a general outcome that the current status quo should not be changed. At the EVER Ecolabel Workshop in Brussels, the proposal to invert the development process (industry develops and proposes criteria and the Commission – together with the Member States – approves them after an assessment process) was rejected, notably by the participants from the private sector and industry.

A study (Rubik/Frankl 2005: 99f.) carrying out a representative consumer survey in Germany, Italy, Norway and Spain brought a clear result: trust in eco-labels goes hand in hand with a strong involvement of consumer and environmental organisations and/or an independent body which could include several stakeholders.

The in-field research carried out in the EVER study provides consistent evidence: interviewees judged a privatisation of the scheme as strongly negative. No other option sampled got such a low ranking: among participants 2.0 (on a scale from 1 to 5), among non-participants 1.6 and among stakeholders 2.0.

Altogether, we conclude that any structural change encompassing a pluralistic approach and a *complete* outsourcing to an organisation dealing with the Ecolabel scheme as a “commercial service” would dramatically reduce trust in the scheme and lower its credibility. Nevertheless, the outsourcing of some elements - which do not reduce the credibility and acceptance of the scheme - to third parties, using their comparative experiences could be considered; these aspects will be dealt with in other proposed options.

B1.2.b) Description and Ways of implementation

- No change proposed.
- Proposals with regard to a new EUEB structure are dealt with above in option 1.1.

B1.2.c) Potential impacts

No impact is connected with this option, because no change is proposed.

B1.2.d) IMPACT PROFILE

Increase in the number of registrations	(*)
Improvement of environmental performance	(*)
Indirect effects	(*)
Organisational and co-ordination effort by the European Commission	(*)
Organisational and co-ordination effort by the Member States	(*)
Economic resources needed	(*)

*** = considerable

** = moderate

* = low

Option B1.3. Streamlining the application and validation process

B1.3.a) Rationale

Streamlining the application and validation process is an important issue, especially for current participants (average 3.7 on a maximum of 5) and stakeholders (3.7). When discussing barriers and difficulties in implementing the Flower, it is notable that factors like ‘application procedure slow and very bureaucratic’ (3.3) and ‘difficulties in implementing the requirements in criteria’ (3.0) are not perceived as such significant barriers in implementing the EU Eco-label by the participants.

B1.3.b) Description and Ways of implementation

With regard to the institutional setup relevant for this option¹, we propose the following measures:

- Working group: The shaping of institutional changes relevant for the application and validation process should be carried out by a special working group consisting of representatives of the Commission, the Member States and their Competent Bodies and the EUEB.
- Division of competences and work: The current knowledge and capacity landscape does not allocate resources in an optimal way. We want to strengthen the proposal presented by Nuij (2004: 39) who suggested as one outcome of his questionnaire that a ‘behind the scenes’ structure should be considered where different countries are experts for different sets of criteria and answer interpretation questions for all Member States. This division of work builds upon current structure, but tries to reallocate competences and work. An interesting proposal came from EEB (2004: 30) suggesting a centralised expertise bureau, but we recommend postponing this approach and waiting to see the results of a division of competences and work among Member States.
- Product improvement & verification: We propose liberalising the prescriptions in cases of product improvements and innovative changes and making them more flexible to reduce burdens for license holders. For instance, even if a product innovation introduces a new technology which is not foreseen by the relevant criteria, there could be a flexible procedure allowing the innovator company to obtain the EU Eco-label. This possibility should be explicitly foreseen by the new Regulation. The assessment on whether the innovative product deserves the EU Eco-Label even though its characteristics are not foreseen by the product group requirements can be assigned to the EUEB (see above the previous options).
- Support by other proposed options: Changes of the content of the eco-labelling requirements and an improved direct support for applicants (see the following Options) will also contribute to a streamlining of application and validation processes (they

¹ Beside the institutional settings also administrative practises and technical support are important; they will be dealt in the following options.

strengthen each other). For example, by providing guidelines, the application procedure can be simplified and streamlined.

B1.3.c) Potential impacts

We estimate that the costs for the Commission should be modest.

The impacts on the application of the Flower might be moderate.

B1.3.d) IMPACT PROFILE

Increase in the number of registrations	*
Improvement of environmental performance	*
Indirect effects	*
Organisational and co-ordination effort by the European Commission	*
Organisational and co-ordination effort by the Member States	*
Economic resources needed	*

- *** = considerable
- ** = moderate
- * = low

Option B1.4. Degree of centralisation of administration: should the scheme be more centralised or decentralised?

B1.4.a) Rationale

The degree of centralisation or decentralisation of administration is of minor importance among interviewees. Participants seem to favour a slightly more decentralised structure (3.2) whereas the – “unexperienced” – non participants voted more for a centralised administration (2.9). A clear mandate for changes in current institutional settings therefore does not seem appropriate. This is supported by the outcome of the 7th EUEB Policy Management Group meeting (19th May 2003). However, the experience of business show that administration is perceived as a challenge and therefore we present some “soft” proposals.

These proposals are backed up by the results of the EVER Ecolabel Workshop, where a parallel session was devoted to this particular issue. One of the outcomes from this parallel session was the following position: an effort can be made to decentralise more the management of the scheme, but only if this is useful to prompt the diffusion of the EU Eco-label. It emerged that a higher decentralisation could make sense, for example, in order to enable a more effective and intense marketing of the scheme by the Member States and/or the Competent Bodies.

B1.4.b) Description and Ways of implementation

- Perception of administration: Often Competent Bodies are still in the position of administrators and not of sellers of a service, namely the application of the Flower. Competent Bodies should enlarge their functions and act more proactively, e.g. by providing more information on the Flower, by contacting strategically important business associations, and by undertaking direct contacts and support actions with customers. Specific emphasis is necessary with regard to the newer Member States. The new Eco-Label regulation should set clear indications for the Competent Bodies to become more proactive in “selling” the scheme, for example by foreseen the obligation of creating permanent structures for direct support to applicants, a marketing task force, a stable co-operation with business actors (actually, this would imply a formalisation of what is already happening in a informal way in some Member States).
- Regional contact points: The current practises in the EU are that Competent Bodies are formed on a national level. In some Member States it might be useful to supplement this structure on the level of regions. The Italian regions, the German Länder are examples to supplement the national oriented structure by regional contact points which are “closer” to potential applicants and know more about regional circumstances and cultures. The new Regulation can foresee the possibility of creating Regional contact points.

B1.4.c) Potential impacts

We estimate that the costs for the Commission should be modest, but some costs will arise for Member States allocating some additional tasks to existing agencies/bodies. The impacts on the application of the Flower might be moderate.

B1.4.d) IMPACT PROFILE

Increase in the number of registrations	**
Improvement of environmental performance	*
Indirect effects	*
Organisational and co-ordination effort by the European Commission	*
Organisational and co-ordination effort by the Member States	***
Economic resources needed	*

*** = considerable

** = moderate

* = low

Package B.2. Changing framework: creating the external conditions for the success of the EU Eco-Label

In general, eco-labelled products are placed in niche markets and do not yet reach a widespread market penetration. This is particularly true for the EU Flower. The eco-labelling community therefore calls for supporting and flanking measures in order to generate a market pull effect, since current market demand is too weak to successfully convince companies to apply for the Flower.

The framework of an eco-label, on both the supply and demand sides, is strongly related to its success as being a market-based product policy instrument. The package of options relating to “changing framework” refers to how business and industry deals with eco-labels as a matter of free market decision. The aim is to improve the attractiveness of the Flower by setting policy incentives (fiscal incentives), stimulating market demand (green public procurement), and making the certifying process more efficient (efficient regulation and mutual reinforcement among eco-labels).

Several topics of supporting and flanking measures can be clustered in **changing the general framework** of eco-labels and the EU Flower respectively. In the following paragraphs, we focus on four options within changing the Flower’s framework.

Option B2.1.: Fiscal incentives for Eco-Labelled products and companies

B2.1.a) Rationale

The environmental added value of eco-labelled products may influence their price levels. Price fixing is, inter alia, based on a consideration of the administrative costs of the labelling procedure and the investment cost for producers to fulfil the eco-label criteria. These costs may be (partly) shifted to consumers. One approach of supporting measures is to give fiscal incentives in order to change relative prices and influence the price relation between eco-labelled and non-eco-labelled products with cost benefits for both producer/retailers and final consumers.

The in-field research identified the “most wanted” incentives from all the categories of interviewees. Among these, a primary role is played by fiscal incentives, such as tax abatement, that can enable producers to lower the prices of Eco-labelled products (76% of all the interviewees considers it fairly or very important). The EVER Ecolabel Workshop confirmed this indication.

B2.1.b) Description and ways of implementation

- Change of Value-Added Taxes: A change (and reduction) of the VAT rate might be a possible tool, i.e. products using the EU-Flower would be allocated to the zero or reduced

VAT tax band with fiscal benefits for producers and consumers. Several proposals for linking VAT with eco-labelled products exist. The European Commission suggested within its IPP Green Paper a reduced VAT rate for eco-labelled products. The French Government published a document linking VAT measures and climate policy (Ministère 2003)².

We see three promising ways to implement strategies for VAT changes and linkages to eco-labelling:

- to use current reduction opportunities for environmentally benign products in Member States according to Annex H of directive 77/388/EU.
- to change annex H of directive 77/388/EU by adding and/or deleting product groups, and differentiation among products groups with full and reduced VAT rates.
- to generally allow eco-labelled products and in particular the Flower a reduced VAT rate for all its product groups by adding this criterion in annex H of directive 77/388/EU.

With respect to the VAT hypothesis, it has to be noted, using the words of Nuij (2004) that “the IPP Communication dismissed it by stating that *in the light of the stakeholder comments received, in particular from Member States, the Commission will not develop initiatives to apply reduced VAT rates to products bearing the EU Eco-label for the time being*”.

But the same author adds that the COM continued by saying that “*for other types of tax, Member States, where appropriate, should promote and encourage the use of the aforementioned fiscal measures to favour greener products*” (ibidem).

Therefore, the Commission should explore the legal feasibility of these approaches, in order to eventually find ways to stimulate the Member States in this direction.

- Subsidies for eco-labelled products: Another possibility to change the relative prices is to offer some sort of subsidy to eco-labelled products. A similar attempt has been made in the Netherlands with a subsidy for products with the best energy-using class according to the European energy label scheme for washing machines. The Flower could also be linked to public subsidy programmes in the area of local/regional business development schemes (e.g. with regard to energy saving and renewables). Subsidies should be implemented within the act of purchasing, by guaranteeing a “price benefit” for private and professional purchasers.
- Corporate income tax reduction: Fiscal supply-side measures could focus on reducing companies’ corporate income tax. Lessons can be learned from EMAS tax reductions in Italy³. Adapted to eco-labelling, we propose a proportional abatement of the company income tax, according to which percentage of the turnover comes from eco-labelled products, for instance:

² The document proposes a reduced VAT rate for housing insulation products, electronic household devices (“white goods” and “brown goods”), other eco-efficient products and services

³ In Italy there is an income tax for all the businesses called IRAP (Imposta sui Redditi delle Attività Produttive). It is applied on every productive activity and to the value added, including the costs of personnel. The tax is paid to the Regional Administrations (Regioni). The tax is fixed at a rate of 4.25% of the revenues. The Tuscany Region decided to abate the tax rate to: 3.50% for EMAS registered companies (0.75 percentage points reduction, an abatement of roughly 20% of the full tax) and 3.75% for ISO certified companies.

- 30% tax abatement for companies for which 100% of the turnover derives from eco-labelled products,
- 20% tax abatement for companies for which 70->100% of the turnover derives from eco-labelled products
- 10% tax abatement for 40->70%
- nothing below 40%

The corporate income tax reduction for eco-labelled products should be part of a general European fiscal policy approach towards the environment and should be implemented step by step to allow business to adapt continuously.

If these measures are judged as potentially effective and feasible by the Commission, the new Regulation could include requirements for Member States to adopt fiscal incentives of the above mentioned kind, in order to favour the diffusion of the EU Eco-Label. At the same time, the Commission could adopt an accompanying Decision or Recommendation to the new Eco-Label Regulation, specifying the ways in which the fiscal incentives can be conceived and applied, according to the relevant EU legislation.

B2.1.c) Potential impact

The potential impact of fiscal measures can be judged in general as being very positive for stimulating market penetration of eco-labelled products. However, the need for economic resources and organisational and co-ordination efforts by the European Commission will be considerable.

B2.1.d) IMPACT PROFILE

Increase in the number of registrations	***
Improvement of environmental performance	**
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	***
Organisational and co-ordination effort by the European Commission	***
Organisational and co-ordination effort by the Member States	***
Economic resources needed	***

*** = considerable

** = moderate

* = low

Option B2.2. Green procurement: how to use it as an incentive to promote and foster the adoption of the EU Eco-Label

B2.2.a) Rationale

Green procurement (both public and professional) has been judged as crucial for stimulating eco-labelling performance. The assumption – in particular when it comes to public procurement – is that public authorities have a considerable steering potential towards public purchasers. That is (state) intervention backed by (legal binding) prescription towards green products may considerably increase the demand for eco-labelled products. According to Cadman & Dooley (2004) eco-label criteria could be used in private and public procurement calls; using them supports procurers and green procurement by reducing their need to search for information.

The “in-field” phase of the EVER study looked more deeply into this subject. About ¾ of the participating companies (strongly) agreed that the Flower has influenced their demands on their suppliers, whereas 43% of the non-participants answered in the same way. Once more nearly 74% of the participants observed an influence on the information exchange with commercial clients, 56% of the non-participants (strongly) agreed with that. Moreover, the inclusion of the EU Eco-label as a facilitating condition for public procurement is regarded as a (fairly or very) important incentive for the development of the scheme by 67% of the whole sample (including participants, non participants and stakeholders).

Finally, the on-site visit in Denmark showed a promising example of a state-owned, but nevertheless private procurement company, which plays a “change agent” role, i.e. offering public purchasers specific products based on eco-label consideration.

B2.2.b) Description and ways of implementation

- Reference to eco-label criteria in tenders: In fact it is already possible to refer *indirectly* to eco-labels by including eco-label criteria in the technical description, but a more *direct* path which allows – by changing framework conditions – explicit mention of the Flower (and other ISO type I labels) as part of public tenders could be more effective. However, this issue depends to a large extent on the outcomes of the future legal framework for public procurement currently under discussion in several Member States. In any case, the new Eco-label Regulation could include (at least) a provision that makes it mandatory for Member States to consider the EU Eco-label (together with equivalent certification schemes) as a favourable condition to access public procurement, e.g. by guaranteeing additional points in the selection procedure. The review of the Eco-label scheme should consider how the scheme could much more directly support the needs of public purchasers. For example, a more innovative approach can be used in the definition of criteria for product groups, by indicating few key criteria that can be suggested to purchasers as requirements for the tenders. These criteria could even be suggested on the basis of the environmental priority that the purchaser wants to address in its policy (e.g. for global warming the purchaser can focus on the criteria concerning greenhouse gases). It has to be noted that this approach can imply the risk of “rating” the importance of the different Ecolabel criteria referring to the same product group, which might be

counterproductive.

- Educational measures and pilot market areas: Member States should ensure that Eco-label references are included in training and manuals for public purchasers. EU policy makers should therefore create strategies to guarantee national educational activities. The focus should be on product groups that are of high interest for public purchasers. The construction of large buildings or urban areas, and creation of industrial sites could use this approach. Promising implementation strategies might be to identify outstanding areas for pilot initiatives. These market areas should identify public purchasing markets where no private market demand corresponds; for instance, in the area of lighting of public roads in order to stimulate innovators. Eventually, technical support measures can be very effective in this area at the present stage (see option B6)
- Big events as visible best practice in procurement: A series of large international events are often – directly or indirectly - supported by public means, e.g. Olympics in Athens 2004 and Torino 2006, Football World Championships 2006 in Germany, Expo 2000 in Germany. These events attract hundred of millions of people and are watched by billions. It might be wise to present the Flower in these by requiring that a certain percentage of the supplies are labelled with the Flower. In close relation with marketing strategy efforts, the eco-labelling administration could choose “symbolic product groups” in order to reach big event visibility, e.g. “green goals” with eco-labelled footballs in European or Football World Championships⁴.
- Commercial procurement companies as “change agents”: The Danish on-site visit analysed National Procurement Ltd. – a state-owned, but private procurement company. The core service of National Procurement Ltd. is a subscription arrangement offering public organisations advantageous purchasing terms and conditions among an assortment of specially selected products and services. In return, the suppliers get an attractive possibility to sell their products and services to the public sector on a contractual basis. These business relationships rely on “eco-label-thinking”, i.e. integrate eco-label criteria in tenders etc. The Commission should explore the promotion and support of these types of procurement agencies.

B2.2.c) Potential impact

Linking both public and private procurement with the EU-Flower seems to be very promising yielding to an increase in the number of registrations and good environmental performances along the whole value chain. Organisational efforts are low when focusing on best-practice initiatives, but high when the legal framework is changed.

⁴ The Soccer World Championship in Germany 2006 considers environmental issues in its Green Goal concept (see <http://greengoal.fifaworldcup.yahoo.net/de/home/?flash=1>)

B2.2.d) IMPACT PROFILE

Increase in the number of registrations	***
Improvement of environmental performance	**
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	***
Organisational and co-ordination effort by the European Commission	**
Organisational and co-ordination effort by the Member States	***
Economic resources needed	*

Option B2.3. Regulation of other tools for product-related environmental claims, communication and guarantees, in order to support a better integration with the EU Eco-Label

B2.3.a) Rationale

Currently the regulation of the EU Flower is a “closed shop” issue, meaning that the regulatory framework does not inter-relate with other European regulatory efforts. In order to find synergies, a stronger interrelation with other product-related regulations could be promising. Consequently, also by means of the revision, the Commission should stop considering the EU-Flower mainly as a pure communication tool addressed just to end-consumers, but should start considering it as an environmental (integrated) product policy tool aimed at reducing the whole life-cycle impact of products and services through the delivery of appropriate environmental information to different stakeholders.

B2.3.b) Description and ways of implementation

We propose a set of measures that can be undertaken and implemented by the European Commission by way of enacting legislation and requirements parallel to the new Eco-Label Regulation:

- Regulation for green claims: If the option on self-validation were to be pursued, it is clear that a strong and clear regulation on advertising and ISO type II labels is necessary. Misleading claims, “wrong” validations and intentional confusing of consumers should be prohibited and pursued by penalties. We suppose that as well as the state, competitors of violators would assess the correctness of claims and indicate breaches of the rules. For ISO type II, we emphasise the high priority needed to strengthen the framework for preventing false claims all across the EU. In order to pursue a stronger integration and consistency with the EU Eco-label, for example, all the generic claims evoking a non-specified environmental quality (“Green Product”, “Eco-product”, “Environment friendly”, etc.) should be forbidden, especially when they can potentially generate confusion with the EU Eco-label itself. To this purpose, an interesting possibility would be that of explicitly introducing the content of ISO standard 14021 (which already foresees many of the proposed provisions) into Directive EC/450 on misleading advertising. The UK’s Green Claim Code and Green Claim Panel, which looks at verification procedures, might be taken as a good example of regulation for green claims.
- “New Approach” and Eco-labelling: With the so-called New Approach – introduced in the EU in 1985 – the EU legislator changed its approach to regulation. The current developments under the Energy-using Products (EuP) Directive build on the New Approach. Within the EuP framework directive it is stated in § 8 (3) that “EuP which have been awarded the Eco-label pursuant to Regulation (EC) No 1980/2000 shall be presumed to comply with the eco-design requirements of the applicable implementing measure insofar as those requirements are met by the Eco-label”. In the same line, the revision could explore the possibilities to use the New Approach for other self-validation opportunities (connected with Eco-label criteria) linked to the CE mark.
- Corporate reporting and Eco-labelling: The Commission could explore the possibilities of having the Eco-label incorporated in environmental reporting guidelines (ERM 2004a).

Several sets of reporting guidelines, both voluntary and mandatory, exist. Currently, environmental reporting and sustainability reporting are widespread - at least among big companies. What are missing in most of these reports are references to their products since they focus almost exclusively on production and environmental media issues. As a future vision, sustainable product reporting might become an issue to be explored by the European Commission.

Similar, green product performance with Eco-labelled products as an indicator might play a role for sustainability indexes and green or social investment funds. The Commission could screen the potential of future regulation in order to stimulate green assessment of firms based on Eco-label performances.

If the above-mentioned measures are approved and undertaken by the Commission, then the Eco-Label Regulation can be modified accordingly in the future, making reference to the regulatory acts that will be progressively developed.

B2.3.c) Potential impact

Changing EU and Member State regulation in order to support the EU Flower requires considerable organisational and co-ordination efforts. These efforts should be seen as long-term policy goals. Therefore potential for short-term increases in Eco-labelled products and an improvement of environmental performance is vague. However, backing the EU Flower with supporting regulation is essential.

B2.3.d) IMPACT PROFILE

Increase in the number of registrations	**
Improvement of environmental performance	**
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	***
Organisational and co-ordination effort by the European Commission	***
Organisational and co-ordination effort by the Member States	**
Economic resources needed	*

Option B2.4. Mutual reinforcement of the Flower with other schemes

B2.4.a) Rationale

There is – depending on the product groups considered – a vast number of existing labels, from eco-labels, to self-claims, to environmental product declarations. It seems to be obvious that there is a great potential for synergy, which is currently not being tapped. The mutual reinforcement of the Flower with other schemes, in particular ISO type I ones, is promising.

The interviewed stakeholders in the EVER “in-field” research confirm that the EU Flower supports national eco-labels. Examples given are the orientation towards the EU Eco-label of some requirements developed by the German Blue Angel, the Catalan tourism label and some requirements of the Nordic Swan and of the Polish Eco Znak, all of which explicitly refer to (or adopt) the EU Eco-label criteria for the same product groups.

Stakeholders were also asked for two other relationships: the applications of the EU Eco-label as criteria for product tests of third parties (e.g. consumer tests) was supported by the large majority (81% yes, 19% no). Stakeholders slightly disagreed, however, about the use of the EU Flower for the development of sector-oriented eco-labelling approaches.

B2.4.b) Description and ways of implementation

- Mutual reinforcement of the Flower with other voluntary schemes: Beside the official ISO type I (or close to it) labels, other voluntary labels (like MSC, FSC, Ökotex 100, Viabono, Visit) exist. An opportunity could be to offer users of other schemes the possibility to use the Flower, provided that the Flower exists for the same product group. For more details see the chapter on linking the EU Flower with national labels within this report.
- Closer linkage to mandatory schemes: Beside the voluntary schemes, a closer linkage to the mandatory energy label is thinkable. Product groups relevant for the energy label might make (stronger) reference to the Flower; the current solution is weak (possibility to include the EU Eco-label within the energy-label). In addition, a more efficient division of labour between the EU Flower and the energy label should be explored. That is, for instance, to concentrate the EU Flower on impacts that are not covered by the energy label, or use the top efficiency class (“A” or higher) as Ecolabel criteria for energy consumption (when relevant), or eventually even remove those product groups that are mainly characterised by energy-related environmental aspects from the Eco-label area.

B2.4.c) Potential impact

The mutual reinforcement of the Flower with other schemes aims first of all to identify synergy among product labels. When mutual reinforcement is reached, increasing numbers of eco-labelled products and consequently, more improvements for the environment will be realised. Organisational and co-ordination efforts of the Commission will be modest.

B2.4.d) IMPACT PROFILE

Increase in the number of registrations	**
Improvement of environmental performance	**
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	**
Organisational and co-ordination effort by the European Commission	**
Organisational and co-ordination effort by the Member States	*
Economic resources needed	*

Option B.3. Changing content of the Ecolabel: possible measures for improving product-groups and criteria definition

B3.a) Rationale

The huge lack of availability and visibility of the eco-labelled products in stores is one of the largest barriers to create a consumer demand for eco-labelled product. Retailers want a wide range of labelled products in the stores before they will proceed to actively promoting the Ecolabel. Correspondingly, the range of Eco-labelled product on the business-to-business market is insufficient.

Furthermore, the EVER study, as well as previous studies, shows that in some cases the level of criteria has been a barrier for companies to adopt the EU Eco-label, especially with respect to the degree of documentation concerning the compliance with the criteria.

The EVER study has investigated the need for changing content to attract more license holders and possible ways to implement changes. The only option to obtain a relatively full support (average: 3,7) was extending the scheme with more product groups and services, to ensure that more companies can participate and thereby create product volume. At the same time, the EVER findings suggest a genuine satisfaction with current level of criteria.

B3.b) Description and ways of implementation

An effort should be done to make more products groups available and extending Ecolabel to services. But this is not enough. To ensure that more companies are attracted to the scheme, it must also be considered to reduce the number of criteria.

- More products groups available and extending Ecolabel to services

First of all, the extension of the product groups and services requires relevant economic resources, to be invested by the Commission and by the Member States.

When selecting the product groups and services, the following could be considered:

- Product groups and services where LCA data, EPD and other relevant documentation are available and the criteria can be developed fast (see also Option C1.2).
- Product groups and services where introducing an Eco-label will create awareness of environmental impacts and thereby can contribute to increased environmental performance.
- Intermediate goods as product groups should be considered even more than they are today.
- Products and services that are very environmentally friendly but for which there might only be one supplier or a very small market. These could be dealt with under a panel or similar process without the need for extensive criteria development (suggested by the EUEB Policy Management Group at their 8th meeting, February 2003).
- Similar products to those for which criteria are already developed e.g. outdoor paints next to indoor paints, so that manufacturers can apply for more than one similar

product group (suggested by the EUEB Policy Management Group at their 8th meeting, February 2003).

- Adopt existing national eco-label criteria for product groups and services that are not today included in the European scheme (see next Option).

All the measures proposed above imply that the EU Eco-Label is modified accordingly, in order to give the possibility to put them into practice.

For instance: the new Regulation should allow for the use of the EPD (and connected PCRs) as a reference to develop product criteria, at certain conditions (see Option C1.2); the application of criteria to similar product groups, even if only in a transition phase, should be explicitly foreseen by the new Regulation, etc.

- Reduce numbers of criteria and focus on the overall environmental impact

Reductions in the number of criteria for some product groups could be another way of attracting more companies to the scheme and create product volume. The EVER study indicates that this is a possible option for some stakeholders, although some participants are reluctant to reduce the number of criteria.

The new Regulation could establish that the number of criteria be reduced by focusing on the overall environmental impact of the final product, e.g. concentrating on some stages in the product life cycle or environmental hot spots (e.g. by way of a “streamlined” or “screening” LCA). In order to preserve the credibility of the scheme, this should be done by promoting and fostering a stronger relationship of the criteria with EU and/or national environmental priorities (e.g. EU Sustainable development strategy, etc.). In many cases, the existing list of requirements that has to be fulfilled is very long and adds many additional aspects to few key - environmental problems. Minimising the number of criteria will also make it easier to communicate to the consumers what the Eco-label stand for – which today also is a barrier. Within the EVER study, Eco-label participants supported that option, but non-participants were reluctant.

Another way of implementing reduced criteria is enabling, by way of specific provisions of the new Regulation, to introduce more scoring than hurdle criteria. An “easy to handle” scoring system where the criteria have points and the Eco-label can be achieved with different combinations of points. A set of “minor” criteria can even be optional (as it happen with the criteria on tourist accommodation). Hurdle criteria could be applied for consumables and simple services whereas a mixture of hurdle and scoring criteria could be applied for complex services and durables.

B3.c) Potential impact

This option can produce the following positive impact:

- More product groups and services will attract new license holders to the Eco-label scheme and thereby improve the environmental performance of the products.
- Reduced numbers of criteria will make it easier for companies to apply for the Eco-label and thereby create product volume.

- Eco-labelled services will create an indirect demand for eco-labelled products, e.g. eco-labelled hotels buying eco-labelled textiles.

A disadvantage connected with extending the Eco-label to services was mentioned by several interviewees and by some participants to the EVER Eco-label workshop: it will decrease the credibility of the scheme, because the service area is more complicated and the label could be not suitable for all services e.g. retailers (not enough labelled product on the market to be sold in the eco-labelled shops). Furthermore, since the criteria will be strongly focus on environmental management (as it happens with tourism), it might be difficult for consumers to understand the level of environmental performance in many service areas and there will be an overlapping with EMAS.

This option can be fully and effectively implemented by means of a considerable resource deployment by the European Commission and the Member States. The impact of this option will therefore vary according to resource availability.

B3.d) IMPACT PROFILE:

Increase in the number of registrations	***
Improvement of environmental performance	**
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	***
Organisational and co-ordination effort by the European Commission	**
Organisational and co-ordination effort by the Member States	*
Economic resources needed	***

*** = considerable

** = moderate

* = low

Option B.4. Promotion and marketing of the EU Eco-Label: strategies and possible initiatives

B4.a) Rationale

Both the EVER study and previous marketing studies document that the lack of knowledge and recognition of the EU Eco-label from consumers, costumers and retailers is by far the largest barrier for the diffusion of the Ecolabel. In particular, the evidence collected by way of the EVER interviews shows that:

- The low awareness largely prevails as the most significant barrier: the lack of recognition and knowledge by different actors is perceived as a very significant barrier both by participants and non-participants, in the following order of importance: lack of recognition 1. by the consumers and the public at large, 2. by the public institutions (also through green public procurement), 3. by the intermediate customers and 4. by the retailers. On these barriers we reckoned the highest level of consensus of the whole in-field research.
- It is not just a problem of knowing the EU Eco-label, but also of choosing it on the market: the lack of competitive rewards by all the above mentioned actors is perceived as a considerable barrier. Interviewees confirmed that, even if customers are aware of the EU Eco-label, they are not eager to buy labelled product, providing a real reward to companies that applied. A frequently reported example refers to green public purchasers.
- This barrier is particularly high for new potential applicants: it is worth noting that the lack of recognition and reward by the final consumers is a relevant barrier for nearly all (88%) the companies not participating in the scheme (these lacks were indicated also as reasons to eventually abandon the scheme).

Correspondently, the most significant driver for implementing the EU Eco-label is increased knowledge among consumers and professional purchasers, and increased demand for labelled products through promotion and marketing.

It is interesting to note that the four most important support measures and incentives for the EU Eco-label refer to the need of diffusing the knowledge about the scheme and its logo and increasing the demand for Ecolabelled products. A very high percentage of all the interviewees (close to 90% for all the following options) believe that information and promotion campaigns and other actions aimed at increasing the knowledge and the demand of the EU Eco-label are the most effective measures to support the scheme and endorsing its success as a marketing opportunity (and, therefore, as a policy tool).

The EU Flower Week 2004 made a very good start in the process of making the EU Eco-label a well known and important factor on the European market, but it is still a huge challenge to obtain real market penetration for the Eco-label. In order to convince the market leaders and get real volume in the number of ecolabelled products, a continuation of promotion and marketing activities, bigger campaign budgets and more participating countries are needed.

The next few years are going to be crucial both for the promotion of the scheme and for the survival and success of the Eco-label. The current number of license holders, the established networks for the promotion of the Eco-label, the achieved knowledge level among consumers, NGOs, retailers and producers can easily be lost if no further promotion and marketing activity is carried out.

B4.b) Description and ways of implementation

A relevant effort should be made to increase promotion and marketing of the scheme by means of different kinds of initiatives, which can increase the awareness of consumers, professional purchasers, retailers, potential license holders and other stakeholders.

There are two different kinds of initiatives:

- Direct promotion and marketing activities e.g. information campaigns, co-marketing and dialogue fora
- Activities that support promotion and marketing e.g. tools and information materials, coordination centres and market analysis

- Information campaigns and co-marketing

To exploit the level of recognition and knowledge achieved e.g. by the Flower Week campaign 2004 and ensure that the current level is sustained and increased by further campaign activities, the Commission and the competent bodies should conduct a Flower Week or similar large information campaigns on a regular basis. Furthermore, less planning resources will be needed if campaigns are carried out on a regular basis, because experience and lessons learned can be exploited and the campaign network can be maintained.

It is recommended that future campaigns be conducted as co-marketing campaigns where competent bodies enter into partnerships (defining agreements) with license holders, retailers and stakeholders (as in the Flower Week 2004). The networks created in the Flower Week project and in other projects for the promotion and marketing of the scheme in Member States (see report 2) can be used as starting point for future campaigns.

Future information campaigns must stimulate both supply and demand. The supplying side (manufacturers and retailers) is the key to the results on the demanding side (the consumers) because the demand only increases when the eco-labelled products are found in places where consumers usually shop, and today lack of visibility of eco-labelled products is still a major barrier.

Network communication can be used to build partnerships between industry federations, manufacturers, retailers, public procurement organisations and environment and consumer organisations and thereby motivate more manufacturers to apply for the Eco-label and more retailers to distribute ecolabelled products and participate in future campaigns.

Stimulating the demand requires a combination of mass communication and dialogue activities. Heavy mass communication through television advertising, printed ads, etc. are recommended as very effective in raising knowledge on short terms. Personal dialogue with the consumers e.g. store sampling and exhibitions, can be even more effective in raising knowledge in the long run as well as changing of behaviour. Moreover, the personal dialogue has also proven to be the best method when communicating complicated messages.

Furthermore, PR activities are important to create public attention and debate about the EU Eco-label in the press. Future information campaigns should also be coordinated with other

events e.g. festivals, local community fairs or trade fairs, etc. to explore the synergies and be present where the companies and customers are (recommended at the EVER Eco-label workshops in Brussels).

When planning common information campaigns it is important that the national differences between the European countries are taken into consideration and therefore, allowing target groups, product groups and messages to be adapted to national circumstances.

Finally, it is important not only to communicate environmental benefits of the Eco-label, but also value-added for the consumers. It should be taken in consideration that most consumers put emphasis on three arguments when they consider environment-friendly purchasing: health, quality and lifestyle (as the Flower Week demonstrated).

The revision of the Eco-label Regulation can foresee that the European Commission promotes and catalyses the creation of networks in Member States. The new Eco-label Regulation can even include a specific requirement for Member States to promote and support such networks and initiatives.

In order to increase the credibility and effectiveness of the networks, it might be requested that they include NGOs and third-party organisations.

- Permanent budget post in the EU Commission

We suggest that campaign activities become a permanent budget post in the EU Commission in order to avoid the process of applying for e.g. LIFE funding. It could be a model similar to the one used for the Flower Week 2004, with national co-financing in order to ensure a feeling of project ownership at national level.

The promotion of the EU Eco-label should be effectively considered a shared responsibility between the Commission and the Member States, and shared funding is suggested (e.g. 50% from the Commission and 50% from Member States). The Commission could allocate a permanent budget for marketing activities for the EU Eco-label and from this budget the Member States should be able to apply for up to 50% funding of their marketing activities. Giving a higher percentage to new Member States should be considered too.

The percentage of co-funding between the Commission and the Member States can obviously be conceived differently, the basic concept remaining that of support the marketing and promotion activities of the Member States in a permanent way,

If the Commission were to earmark €3 million per year and the Member States were to contribute the other 50%, promotional activities similar to the Flower Week 2004 could be easily carried out each year in half of the Member States.

- Central marketing and promotional unit within the Commission

The establishment of a central unit that develops common campaign strategies for national adaptation and implementation and ensures coordination and synergy between national marketing efforts should be considered. The average result of 3.5 (from 1 to 5) for all the categories of interviewees in the EVER study indicates that there is an interest in a central unit within the Commission.

As shown by the Flower Week project 2004, we suggest a combination of a common EU approach with national variations in order to guarantee a well coordinated strategy and exchange of experience with support and guidance, while all national campaign managers can have the option of modifying the campaign to fit their needs exactly. The strategies must be adapted to local situations and needs, because different means are necessary for different product groups and target groups.

In line with the proposal of the EUEB Policy Management Group, we suggest to establish a reporting requirement for the Member States on which promotion activities they undertake and how much this costs and establish performance criteria for promotion activities at Member State level.

As suggested in the EVER Workshop, we propose that the Commission includes in the Ecolabel website all the experiences from Ecolabel campaigns are available (not only campaigns driven by the Commission, but also other national, regional and local information activities).

- Mandatory Member State Ecolabel promotion and national marketing centres

Making it mandatory for all Member States to promote and carry out marketing campaigns on the EU Eco-label every year, will improve the competitive capability of the Ecolabel, giving the potential adopter a greater opportunity of obtaining a very effective marketing support.

If all Member States in the future are requested to market the EU Eco-label and participate in common information campaigns, it would make a big difference for the prospects for the EU Eco-label. This will avoid failures that were registered in the past, e.g. the fact that Germany didn't participate in the Flower Week campaign 2004, made it very difficult to attract companies that are operating on the German market to the EU Eco-label scheme.

It is recommended, that besides the existing obligation to conduct national promotion activities for the EU Eco-label, it should be mandatory for all Member States to spend at least 20% of the annual fees perceived in each country for common promotion campaigns.

Collecting a proposal made at the EVER Ecolabel workshop, we suggest that all member states establish a national marketing centre within the competent body. Besides conducting national campaign and coordinating campaign activities with the EU marketing unit, the national centres should have a "hotline" for marketing guidance to license holders and a showroom with product examples, meeting facilities etc.

Furthermore, the marketing centres could organize yearly assemblies at the national level for all participants in ecolabelling and other interested parties and the centres could also host dialogue fora for producers and potential customers (see below).

- Dialogue fora for producers and potentially customers

This option builds on increasing dialogue through platforms where license holders and customers can exchange experiences and discusses business opportunities. This can help producers identifying the customers' expectations with respect to the logo, the environmental

information accompanying it, the product performance (both in term of environmental impact and quality), etc.

The fora can be both virtual (on the internet) or discussion panels like the Danish product panel concept. The fora should be coordinated and hosted by the national competent bodies.

- Tools and information materials for marketing and communication

We suggest that the Commission provides effective answers to the need for having tools and information materials (shown by the EVER in-field research): e.g. Point-of-Sale materials and adverts, targeting producers and retailers, as well as having catalogues displaying products with the Flower.

For example, as suggested in the EVER Workshop and by the outcome of the Flower Week 2004, we recommend that a toolbox of marketing means is made available to support license holders' and retailers' own promotion activities.

- Broader use of logo

To loosen the requirements for the look of the Ecolabel logo (size, shape, and colour) and where it can be placed (other than on the product) is another option to be considered.

At the EVER Ecolabel workshop discussing marketing of the European Ecolabel, it was concluded that the logo is not modern and simple enough, but also that changing logo will require very large budgets for marketing effort; especially in Member States where the old logo is well known.

Therefore, we cannot conclude that the EVER study provided evidence supporting the need or the opportunity to change the logo, but instead to change the way in which it is used, e.g.

- Liberalise the size (but oblige license holders to use a minimum size for the logo in promotion activities and advertising, to ensure visibility, as suggested in the EUEB Policy Management Group, 6th meeting),
- Liberalise where it can be placed (companies could even be allowed to use it inside private logos, to strengthen the message)
- Request that the Flower is always accompanied by the name "Eco-label", which is not very known (the name, or an explanatory sentence, can be included in the logo itself)

- Data on the Eco-label impacts on the market

To conduct periodical surveys would provide documentation on consumer demands, market shares and sales of ecolabelled product and, thus, make the market opportunities visible for potential license holders. This option is backed up by the EVER study as there is general consensus among the interview groups with an average result of 3.6 (all interviewees).

B4.c) Potential impact

This option is strongly recommended, as it can produce the following positive impact:

- Guaranteeing promotion and marketing campaigns will attract new license holders towards the Eco-label scheme.
- Information campaigns will increase knowledge about environmental impact of products and benefits of the EU Eco-label among potential license holders.
- Marketing campaigns will increase awareness of the environmental impact of products and thereby interest and demand for eco-labelled products among consumers and professional purchasers.
- Marketing campaigns will increase sales of eco-labelled products and thereby contribute positively to environmental-friendly consumption patterns.

This option can only be fully and effectively implemented by means of a considerable resource deployment by the European Commission and the Member States. In fact, it requires a large and continuous budget to raise and maintain the consumers, customers and other stakeholders' knowledge and interest in the EU Eco-label. The impact of this option will therefore vary according to resource availability.

B4.d) IMPACT PROFILE:

Increase in the number of registrations	***
Improvement of environmental performance	**
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	***
Organisational and co-ordination effort by the European Commission	**
Organisational and co-ordination effort by the Member States	***
Economic resources needed	***

*** = considerable

** = moderate

* = low

Option B.5. Harmonisation of the EU Eco-Label with other eco-labelling schemes

B5.a) Rationale

The EU Eco-label exists side by side with many national labels: the Nordic Swan, the German Blue Engel, the French NF Environment, the Dutch Milieukeur, the Austrian Ecolabel, the Lithuanian Write Lily, the Polish Eco Znak, etc.

In general national labels are better known and, at least at present, preferred and are able to guarantee a high competitive potential to producers in many Member States. This can make it hard for the EU Eco-label to enter markets as the consumers find it difficult to differentiate between the labels.

Findings from the EVER study show that 87% of the participants and 75% of the non-participants would choose the European label in preference to a national label. Their main reasons relate to the applicability on the entire European market – “it’s an international passport to sell everywhere” (inside the union) and it ease the communication, especially with consumers.

Also over 70% of the interviewed stakeholders do not recommend a national rather than a European label.

While some of the interviewees believe more in an EU label in the longer run, others see this as supplementary and find that both schemes should be kept.

In the short run, the advantages of keeping the national labels are that they cover product groups not covered by the EU Eco-label and that national labels are suited for – and in many cases preferred on – the local markets.

To meet the needs of a EU Eco-label and overcome competition between the European and the national labels, the EVER study clearly shows that harmonisation is the way forward.

With regards to harmonisation the EVER study shows that there is a widespread desire for harmonisation of everything except the logo:

- Identical institutions running the schemes
- Identical performance criteria for identical product groups
- Identical application procedures
- Identical costs
- Identical support for application
- Harmonised information from suppliers, test and other documentation

Furthermore, the EVER study shows a need for harmonisation/specification of how the verification of the documentation should be carried out. Today, it is up to the national competent body to set up rules for the process and this might indicate the possibility of different rules in different countries under the same scheme and thus different stringency of the verification. In some (northern) countries the EU Eco-label has less credibility, because it is believed that it is easier to get the label in other (southern) Member States.

B5.b) Description and ways of implementation

A relevant effort should be made to harmonise the existing eco-labelling schemes. There are the following three ways to proceed.

- National adoption of EU Eco-label criteria

The new EU Eco-label Regulation should in this case make a strong effort of harmonisation with respect to the national schemes, forcing their management bodies to adapt to the rules of the Commission. The new Regulation should make it mandatory for Member States (and national schemes) that, when the EU Eco-label and a national label have different criteria for the same product group, national labels either:

- withdraw that product group from their label (companies then would apply directly for the EU label), or
- adopt the EU criteria word for word (companies would then apply for the EU label and/or the national label as they wish, with a reduction if they apply for both)

Obviously, the feasibility of this measure strongly depends on the capability and willingness of the Commission to impose its rules on Member States. Political consensus on this measure from Member Countries might be very low.

- EU Eco-label adoption of national criteria

The new Ecolabel Regulation should foresee that, where a national label has criteria for product groups not covered by the EU Eco-label, the EU label adopts the national label's criteria. This would involve forming a working group that would examine the criteria (in the light of the EU Eco-label's methodological requirements), completing the market data etc. as necessary, and make a judgement as to whether the criteria are acceptable to the EU Eco-label. These would then be submitted to the Regulatory Committee (or to other bodies, in case of institutional modifications of the scheme) for adoption.

It would be important that at least for the first triennial period of validity, the criteria are exactly the same, as otherwise the process would create yet more situations where different criteria exist in different labels for the same product group. This process would also imply that when the criteria are first revised within the EU Eco-label after the triennial period, the national label would then seriously consider taking on board the revised EU criteria, using one of the two possibilities described above, and discontinue their own parallel revision of these criteria.

This measure, though, would be only rarely applicable, because in most of the cases there will be more than one national scheme having criteria for a certain product group. In the case there is more than one set of national criteria to be considered, the following measure could then be applied.

- EU Eco-label as “umbrella label”

Where both EU Eco-label criteria and national criteria exist for a product group (or more than one national scheme has criteria for the same product group), real harmonisation is needed, and this will mean working on and modifying the criteria.

As above, it will involve common interest groups to work on the harmonisation.

The most effective solution could be the following:

- the EU Eco-label could take into consideration the already existing sets of criteria and define “common baseline criteria” for that specific product group (agreed upon at the EU level by a qualified majority of the Member States or by way of other decision mechanisms, see the previous options)
- the national labels could then be allowed to add extra criteria (or strengthen the criteria proposed from the Commission) for national environmental “hot spots” or other needs to differentiate performance levels. There should be clear rules: for example, the additional or more restrictive criteria should be related to the pre-production and production phase (i.e. only to PPMs: process and production methods)
- once the European “common baseline criteria” are approved, all producers in EU Countries will be allowed to obtain the EU Eco-label for that product group (on the basis of the approved common criteria)

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Therefore, after having harmonised the similar product groups existing in national labels, the EU label should act as an “umbrella label” by using the “common baseline criteria. From that moment on, there could even be no new development of Ecolabel criteria by the Commission, but only the harmonisation of newly developed criteria by the national labels (for product groups with European visibility).

Joint initiatives including promotional events, publication materials and newsletters should be continued.

B5.c) Potential impact

This option is strongly recommended, as it can produce the following positive impacts:

- it will increase the availability and visibility of products with the EU Eco-label in the stores.
- It will make more product groups available for potential license holders.
- It will make it easier for companies to apply for different labels as it will mean less testing and paperwork.
- It will help eliminate duplication and provide clearer information to the consumer on how different schemes compare in terms of environmental requirements.
- It could help raise a greater interest in eco-labelling schemes among companies and consumers.
- It will be easier to control the various stages of the process, saving time for both applicants and competent bodies and thereby reducing the cost of running the schemes.

A considerable obstacle to the harmonisation of the national labels and the EU Eco-label, found in the EVER study, is the lack of national administrative and political support.

This option demands resource deployment by the European Commission and the Member States and the impact will therefore vary according to resource availability.

B5.d) IMPACT PROFILE:

Increase in the number of registrations	***
Improvement of environmental performance	*
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	***
Organisational and co-ordination effort by the European Commission	**
Organisational and co-ordination effort by the Member States	**
Economic resources needed	**

*** = considerable

** = moderate

* = low

Option B.6. Direct support to applicants

B6.a) Rationale

The EVER study focused on the difficulties that companies have to tackle in the Ecolabel implementation process (i.e.: to obtain the label).

In this respect, the literature review emphasised the three following main barriers: the high costs of implementation, the difficulties met in involving and in getting relevant documentation from suppliers and the relatively short product lifecycles, that make the fulfilment of the Ecolabel criteria time-consuming and difficult.

The results of the interviews carried out in the in-field part of the EVER study partially confirm these findings:

- Procedural and organisational barriers were difficult to overcome for those who applied and obtained the EU Eco-label: the three most significant barriers in implementing the EU Eco-label identified by the participants in the scheme are the degree of formality and the documentation required, the difficulties in getting the relevant documentation from the suppliers and the costs of implementation.
- Cost is the highest barrier for potential applicants: if we focus on the opinion of the non-participants (i.e.: the producers that did not choose or were not able to apply for the EU Eco-label), the most relevant barrier in implementing the EU Eco-label is the cost of license and of implementation (including the consultants)
- Technical aspects are seen as less of a barrier: the lack of internal human resources and competence to implement the necessary requirements and the lack of external technical support and information are not mentioned by a very high number of interviewees (they are mentioned less by the non-participants). This is considerably different from the results of previous studies, which identified the “technicalities” of the scheme as a barrier. We have to say, though, that for the interviewed SMEs, these aspects are still a relevant barrier.

The results of the EVER Ecolabel Workshop confirmed that, among the most requested forms of policy incentives, the participants emphasised the need for economic support. In addition to that, technical support, data diffusion and exchange of experiences and knowledge (especially within the supply chain) were also identified as useful potential support measures and incentives.

B6.b) Description and Ways of implementation

Two different types of measures are proposed in order to provide applicants with direct support: technical measures, relating to the provision of know-how and tools and financial incentives, relating to the possibility of subsidising or reducing the costs that applicants are currently facing.

- Technical support

The results of the EVER study pointed out that the diffusion of knowledge about the Eco-label's requirements and criteria, and the information concerning the ways in which these can be fulfilled (including how to find intermediate goods or suppliers that comply with them) can be a powerful tool to foster the development of the scheme. This can be done, inter alia, by the following actions and initiatives:

- A centralised “expertise bureau” can be created within DG Environment, in order to provide technical support for the Eco-label process and, more specifically, to promote networks and linkages between Eco-label experts, companies and users in the Member States. The bureau should also serve as a sort of “on-line” support for Competent Bodies facing problematic situations. In cases which, for example, involve small companies facing relevant technical problems, the bureau should be able to provide solutions or to propose an adaptation or possible simplification of the criteria, according to the specificities of the small company. This bureau can also directly undertake some of the actions proposed here below.
- As has been done sometimes for some product groups, operational guidelines and official user manuals can be defined and published by the Commission (or by Competent Bodies on its behalf), to support potential applicants in understanding and applying the requirements. These tools should be filled with good practices and pragmatic examples of how to comply with the criteria and what kind of process/product improvement could lead to a better performance. It would be extremely useful if these tools could offer a very simple pre-assessment test that enables the interested companies to immediately focus on the key points of the criteria and to understand if it can comply and achieve the EU Eco-label.
- Training initiatives can be sponsored and promoted jointly by the Commission and the Competent Bodies, in order to raise the awareness and competence of the companies on the Flower and to involve its (such as public purchasers). These training initiatives should be organised not as “stand alone” occasions, but to diffuse the abovementioned technical tools.
- A database can be created to favour the development of the EU Eco-label, to enable a wider and more diffused “use” of its achievements (not only to applicants) and to improve supply chain management by applicants (and potential applicants). The database could, first of all, contain all the datasets and the indicators derived from the LCAs that have been carried out in order to define the criteria for each product group. This will be a stimulus for new applicants to understand how criteria were developed, a great technical support for many actors (potential applicants, companies that are using LCA and EPD for benchmarking, companies with a national label, NGOs,...) and will foster performance-based competition. In addition to that, and in order to ease and support the potential applicants in managing one of the most problematic aspect of the EU Eco-label (as it emerges from our interviews), the database can also contain data and information on categories of intermediate goods, availability and average prices on the market and even suppliers that are able to satisfy the Ecolabel requirements over the previous phases of the supply chain and provide guarantees on these aspects.

- Financial support

As anticipated, cost of implementation and adoption of the EU Eco-label still is one of the most relevant barrier for the diffusion of the scheme (especially for potential new applicants). Some proposals can be made to support companies in overcoming this barrier, at different operational levels. The fee system was particularly criticised by the interviewees in the EVER studies, due to the fee levels but, mostly, due to the contrast with the “polluter pays principle”.

- In many Member States (e.g. the newly accessed countries) the possibility to rely on direct financial funding (in order to support promotion or pilot projects involving interested companies) can help in diffusing the Eco-label among the “first movers”. This kind of support is still essential for the SMEs, which usually suffer from a relevant lack of resources. Support funding can also be still effective in “mature” contexts (like Italy, France or Denmark), to counterbalance the costs connected with the Eco-label adoption. In addition to that, direct support funding is essential to trigger and sustain the development of the Eco-label in new product groups: without support funding (coming from the Life Environment programme and from Structural Funds), the EU Eco-label would not have been so successful in the tourism sector in the Southern EU Member States.
- Different measures can be foreseen to ease the economic burden connected with Ecolabel adoption: subsidising schemes (especially for small companies), rebates for eco-labelled products, favourable conditions for companies with an Eco-label to obtain public funds for investments in technological innovation, process or product upgrading, etc.
- The fee structure can be modified as follows:
 - Cost of assessment and verification should be reduced (also by simplifying the application and verification procedure and introducing flexibility in the requirements, see option B1)
 - The reduction of the annual registration fee for SMEs should be increased from the currently 25% to 50%; the annual fee should not be paid by companies that already have the EU Eco-label for one product and want to obtain the label for another product (even belonging to other product groups)
 - The license fee (0,15% royalty) should be reduced or cancelled for small companies; yearly upper limits should be fixed to a level that enables the collection of funds for sustaining the scheme, but not entailing an excessive effort for those companies that are able to achieve large market shares. If the license fee is not applicable beyond a fixed turnover, than the incentive of having the Eco-label on “big market share” products will be higher.
 - The link with national labels and EMAS costs should be considered for those companies participating in both schemes (see option C1)

B6.c) Potential impact

The effectiveness of the measures described above strongly depends on the resources that will be available to develop them. Supposing that all the proposed initiatives and actions are going to be fully implemented, we can estimate that the impact on the increase of EU Eco-labelled products can be considerable. These measures are “mutually reinforcing” and totally

synergetic. They are able to attract and provide incentives, especially to SMEs, by enabling them to overcome some of the most common difficulties they have to tackle.

As for many of the proposed options and measures, the impact on the environmental performance is linked to the increase in the number of products with the Flower.

Financial support schemes are able to produce relevant indirect effects especially for the consumers (e.g. rebate schemes and their potentially positive effects on prices). Considerable “indirect effects” can also be generated by technical measures, e.g. use of the database and tools by other companies (non applicants) and stakeholders.

No doubt, this option implies a great effort in terms of economic resources, both by the European Commission and by the Member States.

B6.d) IMPACT PROFILE:

Increase in the number of registrations	***
Improvement of environmental performance	**
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	***
Organisational and co-ordination effort by the European Commission	**
Organisational and co-ordination effort by the Member States	***
Economic resources needed	***

*** = considerable

** = moderate

* = low

Option B.7. Gradual extension of the EU Eco-label, towards sustainability

B7.a) Rationale

The relevant literature emphasises that:

- consumers show an interest for a possible “sustainability label”, few consumers currently buy products with a third-party certified label regarding social issues
- it is feasible to design and set up a “sustainability label”, even though this would imply considerable modifications to the current EU Eco-labelling scheme (reduced number of basic criteria, applied on a much wider scale)
- when the EU Eco-label also deals with aspects that are really close to the individual sphere of the consumer, they have more chance of succeeding on the market (the so-called “proximity” effect)

The EVER in-field research showed that:

- Consumer health and safety is already dealt with by many companies, other sustainability issues are not (e.g. social responsibility, fair trade)
- There is only a moderate consensus on a possible EU sustainability label (very low among non-participants)
- In any case, a “soft” solution should be adopted

During the EVER workshop on the revision of the EU Eco-label, the involved stakeholders agreed upon the following indications:

- the motivation for introducing a label including other pillars of “sustainability” in the long run is undisputable: it would benefit both companies and consumers
- there are many doubts and oppositions on timing (the incoming revision seems to be too early), methodological choices and operational ways to do it
- consumer health is an issue that can be easily and effectively integrated into the EU Eco-label
- any eventual attempt of introducing social responsibility issues must be carried out with a very “soft” approach, the EU Eco-label must continue to be a label essentially based on environment-related issues

B7.b) Description and Ways of implementation

On the basis of the findings of our study, we do not recommend the setting up of a new scheme for a “sustainability label” during the forthcoming revision of the EU Eco-label.

The empirical evidence and the positions expressed by the actors involved or interested in the scheme (participants, non participants and stakeholders) clearly indicate that this solution might be premature and too innovative for the current needs of the scheme.

Instead, we propose a gradual introduction into the current scheme of some modifications that can start to pave the way towards some of the eventual needs of an EU sustainability label, stimulating the attention of companies and consumers on some of the connected issues.

The revision could therefore take a first step in this direction, by:

- focussing on the issue of consumer health and safety, strengthening the guarantees that the label provides in this area, and improving the consumer’s perception of these guarantees

- developing baseline criteria on social impacts for the new product groups (in parallel with the LCA studies) or within the revision of the existing product groups, in order to experimentally test their feasibility, consistency and acceptability by the interested companies and stakeholders (e.g. child labour, fair trade, etc.)

In order to achieve these objectives, the EU Eco-label should be transformed into a scheme that explicitly refers to “environmental friendly, healthy and safe” products. The basic marketing concept should be as close as possible to that of *total product quality*.

In order to achieve this result, the revision should mainly modify the approach to be followed in the development of the criteria.

The European Commission will have to define a common methodology that will be applied to assess the health and safety-related impacts and to define consistent criteria.

Consumer health and safety mainly concerns the user phase, so an LCA approach could be over-engineered for this purpose. It has to be emphasised, though, that in many cases, health and safety performance in the user phase depends on the pre-production and production choices made by the providers in the supply chain. In light of that, it could be useful to adopt an approach aimed at identifying the “critical points” of the supply chain, that can influence the product performance (such as the HACCP approach in the food sector, which requests the producer to identify, assess and manage each and every circumstance in which a food product gets in contact with potential contamination sources).

Moreover, it has to be emphasised that, for the same reason, supply-chain management by the licensee will be a key factor to guarantee the health and safety performance of the product. This should be considered in defining the criteria for the different product groups.

Once the methodology is defined, it will have to be adopted and applied in the criteria development for new product groups and, progressively, in the revision of existing product groups. The verification system on the applicants will presumably rely mostly on laboratory tests for the product performance and on an assessment of their management control on the supply chain.

As concerns the development of criteria on other social-related issues (child labour, workers’ health and safety, non discrimination, etc.), the revision of the scheme can provide for a common guideline on how to develop these criteria. The “social-related” criteria will be developed in parallel with the “official” ones. We are not proposing that these criteria be approved and implemented, but only that their feasibility, effectiveness and acceptability should be tested.

Previous experience and literature clearly show that an LCA approach is totally inadequate in the case of social issues. In this prospect, actually, the criteria should refer to aspects concerning the whole organisation (such as: child labour, welfare, non-discrimination,...) rather than on aspects related to a specific product. Moreover, social issues have a very broad scope and are therefore not easily quantifiable. This means that in order to have a “sustainability label”, a much less demanding approach, only considering basic criteria should be used, but on a much wider scale. Even more than in the case of health and safety, companies should have a good chain management system for guaranteeing a good social performance, since they have also a responsibility for what happens in other parts of the production chain. For many companies, monitoring a very complex chain would be very time consuming and expensive.

As one can argue, these potential problems should be practically tackled before starting any official labelling on “sustainability”.

B7.c) Potential impact

The “enlargement” of the EU Eco-label to include consumer health and safety issues has the potential to stimulate the interest of many companies, especially those that already have experience in managing and improving their performance in this area – see the EVER results). This will represent a limited change in the scheme, implying easy-to-handle requirements and soft effects on the supply chain, and therefore it will not be a disincentive or a barrier for SMEs.

Moreover, the option has the potential to raise the interest of many consumers and increase the knowledge of the label (and the diffusion of the scheme).

For these reasons, the option can be effectively used for a “big push” to development of the scheme.

The advantages connected with the proposed option are the following:

- the fact that the EU Eco-label is officially extended and explicitly promoted as a label that deals also with consumer health and safety can potentially attract the interest of those companies that place more emphasis in their marketing strategies on the consumer than on the environment (e.g. toys, electric appliances, etc.)
- the same can be true for many consumers: as literature and previous surveys demonstrate, the consumer is more eager to buy products that have a direct impact on his/her “individual sphere” (this is called the “proximity” effect). If the Eco-label becomes a certification that links the impact on the environment with the impact on consumer health and safety, its marketing potential would be much higher
- the inclusion of consumer health can offer an effective opportunity and a good reason to expand the scheme towards the food sector (e.g. exploiting synergies with the organic products), which is identified by many stakeholders as the most interesting option for spurring the diffusion of the EU Eco-label
- a gradual approach will allow for a step-by-step path towards sustainability, with no need to jeopardize the current scheme, and will test consumers’ response to the “new issue” of consumer health and safety
- the experimental development of other socially-related criteria, which will not be officially adopted in a first phase, will provide a great chance of testing the potential effectiveness of ad-hoc assessment methodologies

The main disadvantages are:

- the Eco-label will not rely on the marketing “appeal” of the sustainability concept, but only on consumer health and safety (it would be a weak signal for sustainability “supporters”)
- including consumer health and safety as a fundamental part of the certification process (and for every product group), can raise industry opposition, as product health and safety is already dealt with by private certification and by mandatory regulation
- developing socially-related criteria in an experimental way can imply a good deal of effort and resource investment, with scarce or unsatisfactory results (assessment methodologies may turn out to be not applicable)

B7.d) IMPACT PROFILE:

Increase in the number of registrations	***
Improvement of environmental performance	*
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	**
Organisational and co-ordination effort by the European Commission	***
Organisational and co-ordination effort by the Member States	*
Economic resources needed	*

*** = considerable

** = moderate

* = low

Option B.8. Abandoning the EU Eco-label

B8.a) Rationale

The basic reasoning behind this option is the same as it is for the options relating to the “sudden death” and “slow death” of EMAS.

Actually, the same considerations can be proposed for the two voluntary schemes managed by the European Commission:

- the EU Eco-label is considered by some stakeholders and practitioners as partially unsuccessful and missing some of its targets (i.e.: broad diffusion)
- the size of the problem which the EU Eco-label faces cannot be overcome in the short run
- any substantial improvement of the situation will require decisive measures which come at a high cost (politically and financially) and which are uncertain to succeed.
- there is no need to continue with the scheme, since in many Member States a national label already exists and, on the other hand, other forms of environmental labels (Type II and III) can be effectively proposed and managed within the ISO framework

The motivation for the closure of the scheme is seen in:

- avoiding further costs associated with the EU Eco-label
- freeing up resources which are ‘locked’ in the administration of EU Eco-label
- opening up opportunities for new initiatives in the field of environmental product management, communication and marketing
- increasing the power of the EU to influence the future of privately managed schemes and national labels in Europe
- potentially expanding product-related environmental management in European companies through a focus on other more effective means

B8.b) Description and Ways of implementation

As proposed for EMAS, in order to implement this option two different ways are possible:

- “Sudden death”

For implementing a “sudden death”, the following steps will be necessary:

- The Commission should conduct a high level policy exchange with the Member States to discuss the policy shift. Since some Member States might resist heavily, it would be important to create a group of supporters of the idea.
- The termination would have to be underpinned by a systematic and thorough collection of arguments. That might include a cost-benefit analysis of the closure the scheme.
- The closure of the scheme is likely to be best done by adding a new provision in the current regulation which sets an end to the duration of validity to all provisions of the regulation. The end of the validity would be set in such a way that current Eco-label participants are allowed to enjoy the benefits of the scheme up until the end of their registration period.
- The closure of the EU Eco-label would include the dismantlement of the institutions linked to the scheme (competent bodies, EUEB, etc.)

- “Slow death”

The “slow death” option aims at abolishing the scheme while at the same time to avoid frictions with Member States, heavy criticism of other EU institutions and major discontent by relevant communities.

The easiest way to ‘terminate’ EU Ecolabel eventually is to slowly reduce all resources allocated to the scheme. That means: no further money spent on promoting and marketing the scheme, no further backing for any public supporting measures (like administrative relief or green procurement), not even direct financial support to participants, etc.

As in the case of EMAS, the selling message of this approach might be that Eco-label after more than 10 years of existence should be able to stand on its own two feet. In practical terms the Commission can start with such a move by reducing staff and resources devoted to the scheme.

Under this option, the revision process itself should be guided in such a way that would not lead to further costs. Especially, the revised regulation should not require any additional commitment of public resources. Possibly any such commitment would even have to be reduced.

B8.c) Potential impact

In contrast to the other options laid down in this report, this option obviously does not have a positive potential impact on EU Ecolabel participation.

Relevant disadvantages of this option are

- The Commission’s credibility might suffer, from it abandoning its own scheme.
- The benefits linked to Eco-label adoption by industrial companies (see report 2 of the EVER study) will be lost.
- The opportunities for improving the scheme, described in the Options above, will not be pursuable.
- Liability issues might arise especially if the transition period is set too short. Eco-label participants than might claim damages due to the fact that they invested in the scheme relying on the fact that they could enjoy specific benefits afterwards.
- IPP itself might suffer a loss of credibility, with the loss of one of its cornerstones.
- It would be difficult to gain acceptance of the move among the current proponents of EU Eco-label.
- DG Environment loses an instrument on which it has major influence.
- Closure of one of the only two voluntary instruments which the DG Environment has, might be interpreted as a return to command und control policies.

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B8.d) IMPACT PROFILE:

	A15
Increase in the number of registrations	(*)
Improvement of environmental performance	(*)
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	(*)
Organisational and co-ordination effort by the European Commission	***
Organisational and co-ordination effort by the Member States	**
Economic resources needed	*

*** = considerable

** = moderate

* = low

PART C:

Synergy and integration

Option C1: synergy and integration between EMAS and the EU Eco-label

C1.a) Rationale

One of the main aims of the EVER study was to analyse and assess the possible synergy and potential for integration between EMAS and the EU Eco-label and other policy instruments and tools at the EU and national level.

Few reports, surveys and other pieces of literature have investigated and reported experiences on issues as synergies and possibilities of integrating EMAS, Ecolabel and other product-oriented policy instruments (such as other types of labelling or other IPP initiatives). A significant bulk of empirical evidence can be extracted from several projects dealing with the practical implementation of IPP (Integrated Product Policy) both at the company and at the policy level.

In support of this option, we can report that:

- some studies recommend improving the link between the EU Eco-label and Environmental Management Systems – and in particular with EMAS;
- several studies and applicative projects recommend fully integrating the “product dimension” into the Environmental Management Systems (including EMAS) by means of various assessment and management tools (LCA, LCC, LCM - Life Cycle Management, POEMS – Product Oriented Environmental Management Systems...) or other forms of labelling (especially type III: environmental profiles or EPDs); an interesting fact, is for example, that 75% of the companies that have published a certified EPD are also implementing an ISO-certified or EMAS-registered management system (only 6% of these companies is currently also EMAS registered).
- a restricted number of very operational pilot projects show that this integration can be useful and effective, although currently, in most of the cases, the product dimension is not very well developed within Environmental Management Systems (not even in those implemented after 2001 within EMAS II, in such a way to take into account the product-related “indirect aspects”).

Thanks to the evidence collected by the in-field research, the EVER study is able to provide further facts:

- As anticipated, to some extent, the product dimension is already part of EMAS: 72% of the EMAS participants declare that their environmental management systems influence product performance in other phases of the life-cycle and/or in the supply chain. Only 6% state that this influence is “great” (for the others it is “considerable”). The environmental improvement produced by EMAS on product-related indirect aspects (such as the transport phase), though, is still low if compared with the one on direct aspects. The overall impression derived from the interviews is that the potential for integrating the “product dimension” in EMAS is interesting for companies, but far from being fully exploited.
- There is a certain awareness of the potential benefits emerging from a stronger link and synergy between EMAS and the EU Eco-label: 46% of the respondents on both sides (i.e. companies participating in one of the two schemes) sees potential synergies between EMAS and the EU Eco-label. The synergies that could be implemented with the new revision of the schemes are found at the operational, marketing and institutional level, at the same (high) level of interest.

- “Synergy” does not necessarily mean merging the two schemes: slightly more than half of the participants to one of the two schemes (52%) believe that EMAS should become a mandatory requirement to obtain the EU Eco-label; only 14% think that the EU Eco-label should be fully integrated with EMAS, so as to become a mandatory requirement to obtain registration; while a higher number of respondents on both sides (46%) thinks that the Eco-label could become an additional requirement in a more product-oriented EMAS. As a general note, we have to underline that for all the above mentioned answers there is a lack of knowledge, implying a high number of “non respondents” or “don’t knows”.
- ISO type III labels can be a synergetic tool for both schemes: the majority of respondents (among the participants to one of the two schemes) consider the EPD (or other environmental profile) systems as complementary to EMAS and to the EU Eco-label. As for the previous evidence, it should be noted that a high number of participants on both sides were not able to answer, due to a lack of knowledge on type III labelling.
- Many opportunities were identified (and appreciated) for pursuing integration with ISO type III labels: when it came to operational, marketing and institutional synergies, the respondents showed a generally positive attitude towards many of the proposed opportunities to rely on the complementarities and to exploit the synergies (e.g. common data collection, possibility to support both EMAS and the EU Eco-label with data on the product life cycle, possibility of connecting the development of an EPD or environmental profile to the opportunity of using the EMAS logo on products and/or of communicating product performance in the EMAS statement, etc.).

Linking the two schemes, and also linking to other tools and schemes, was strongly supported by participants in both the EMAS and the Eco-label Workshops, held within the EVER project. The most interesting suggestions collected from the participants, concern the potential integration of the different tools, including EMAS, the Eco-label, LCA thinking, Ecological profiles and voluntary EPD schemes, which “*would create a unique and flexible tool*”, as a stakeholder said.

According to the indications emerging from the EVER workshops, a “stepwise” approach with product related requirement adding-on to the existing EMAS requirement should be considered. This should be combined with some further benefits and awards for the participants going through this route.

As an EMAS workshop participant concluded: “*I support stronger cooperation with product-related schemes and regulations, because EMAS + EPD + Eco-label could be very good marketing tools for organisations*”.

C1.b) Description and Ways of implementation

This option relies on two different sets of measures. The first is aimed at fostering and implementing the highest possible level of synergy between the two schemes, while keeping them separate. The second foresees a hypothesis of a new “three step” environmental certification scheme, promoted and managed by the Commission, of which EMAS and Eco-label are two steps.

C1.1. Mutual reinforcement between EMAS and the EU Eco-label

The basic concept underlying this first set of measures is that the revision of the schemes should aim as much as possible at pursuing two objectives:

- on one hand, EMAS and Eco-label must include truly favourable conditions for the organisations that are already participating in one scheme and want to join the other one (and, even more, it must become really convenient to implement them together)
- on the other hand, the two schemes should be more coherent in principle and consistent in practice, also with respect to their requirements, in order to convey to the organisations and to the stakeholders an univocal message of “environmental excellence” (even if by means of different tools)

Obviously, the general purpose is to make it very clear that participating in the two schemes is a “win-win” strategy under various points of view.

In order to achieve these objectives, many actions can be proposed at different levels.

- Requirements:

- Starting from the EU Eco-label, in the text of the new Regulation it should be explicitly foreseen that, if a company is EMAS registered, all the tests and laboratories analyses on the “would-be” Eco-labelled product can be made in-house (if the company has the appropriate structure) and, consequently, the company should sustain no additional cost.
- It should also be established that, if a company is registered in EMAS, all the Eco-label requirements concerning the operational and management activities are taken for granted, with no need of further verification, i.e. data collection and processing, checks and guarantees on supply chain management and control, procedures relating to the production planning and operational control, management of environmental aspects (e.g. procedures for separate waste collection foreseen in the Eco-label criteria for paper products), etc.
- To strengthen the coherence between the two scheme, it can be envisaged that the new Eco-label Regulation also includes some of the basic (and very easy to comply with) EMAS requirements, such as the need to publish an environmental policy, carry out a periodical management review and, even more than that (and slightly more difficult) to periodically conduct an internal audit. It has to be noted that this approach is already applied by the Commission, in an identical way, in the latest New Approach Directive encompassing a “CE” mark (e.g. on building materials). In the case of the EU Eco-label, the ratio for these requirements would be to guarantee the reliability and credibility of the environmental commitment (avoiding that a company that has an Eco-label ignores other relevant site-related environmental aspects) and, at the same time, to push Eco-label companies towards EMAS. In this way, as a matter of fact, having an EMAS management system will automatically cover all the additional requirements.
- Another Eco-label-specific requirement on supply chain can really empower EMAS: if a company that wants to obtain the Eco-label selects EMAS registered suppliers, than all the criteria regarding the provision of information and guarantees on the relevant life-cycle phases must be taken for granted (it would be enough to demonstrate that the supplier is qualified and to show documents concerning the data and indicators requested for the compliance with the relevant criteria, with no need of further guarantee).

- As concerns the new EMAS, first of all we propose that the Regulation makes it absolutely clear that the highest achievement for the “environmental indirect aspects” relating to the product life-cycle, if possible, is to obtain an EU Eco-label. With that done, all the requirements relating to product indirect aspects of that particular product that has obtained the EU Eco-label (not the whole range of products offered by the company) should be taken for granted and continuous improvement in the product area can be pursued just by maintaining the EU Eco-label.
- EMAS III should also clearly specify that, whenever possible, the Eco-label criteria of a certain product group (especially when they concern the organisation’s direct aspects) must be used, whenever feasible, for determining the most significant environmental aspects by those organisations operating: in that product group, in its supply chain or in similar and contiguous product groups
- It should also be foreseen that, when an EMAS applicant operates in a product group for which Eco-label criteria are available, the environmental review of the indirect aspects must include a gap analysis and a positioning with respect to these criteria
- In the two previous cases, the EMAS organisation should also be requested to use relevant Eco-label criteria as targets for their environmental programme (or at least to consider them as a quantified and measurable benchmark, with respect to which it can fix specific targets for “getting closer”)
- Finally, the new EMAS regulation must give applicants and participants a strong indication to favour the selection of Ecolabelled products and services as intermediates or auxiliaries, whenever possible. This should be at least strongly suggested, but could even be imposed on EMAS organisations (especially to those operating in non-industrial sectors).
- A last proposal aims at promoting external communication, in order to allow consumers and stakeholders to have access to more complete information on the environmental performance of EMAS and Eco-label participants. It should be made mandatory for companies having an Eco-label to indicate a website or an e-mail where the consumer can request more information on the company and its general environmental aspects and, in parallel, it should be made mandatory for EMAS organisations to include in the Environmental Statement, advertising, business paper, etc. a reference to which further information and data on products and their life cycle can be requested (website or e-mail). In this way, both EMAS and the EU Eco-label can also raise the awareness of their participants about the other scheme.

- Verification:

- EMAS and the EU Eco-label should have the same procedures for verification. This was one of the most interesting indications emerging from the interviewees and from the workshop. In this way, organisations interested in both schemes will have common verification and documentation controls, exploiting a high level of synergy. Making an integrated verification process available for an organisation (company) aiming at both EMAS and the Eco-label will save the organisation both time, paperwork and money. At the same time it will raise the credibility of the Eco-label verification procedures (which were sometimes criticised during the interview phase), since they will be identical all over the EU.
- The previous measure implies that the verification process for the Eco-label is radically changed. The first and most important consequence will be that of recognizing a role for Eco-label verifiers and using the EMAS accreditation system to accredit them. In this way, it would be very easy to set up qualification requirements for verifiers doing an integrated verification. This measure will also imply a relevant

effort in order to homogenise as far as possible the verification approaches and to achieve a relevant alignment of documents – such as application dossiers - required for verification. These beneficial consequences will be generated not only for the companies, as less time and resources will be needed for verification and controlling processes by the awarding body or verifier.

- Finally, we can mention a “side-effect”, which is strictly connected with the previous measure: a “market” will be created for the verifiers, and this will naturally produce promotion and marketing efforts by the newly accredited verifiers to push this certification opportunity on the industrial market. This will amplify the current awareness of the Eco-label (and its competitive opportunities) within companies.

- Institutional framework:

- In order to improve coherence and consistency between the two schemes, the revision process could envisage that competent bodies are the same for EMAS and the EU Eco-label (as already happens in few Member States). This would guarantee a higher possibility for common development strategies and, potentially, imply fewer resources spent.
- A common institutional set-up should ensure common “institutional support”, e.g. for information about synergies, criteria documents, background documents, guidelines, web-sites and other information material, making the synergies of EMAS and the Eco-label known to the user community through a common guidance document.
- Moreover, this can guarantee links between the registration and/or awarding procedures for the two schemes. In order to back this up, the Commission could even foresee that only one register is available for the public, including participants in the two schemes (e.g. with two separate sections).
- From the institutional point of view, it will be absolutely crucial to ensure rewarding opportunities for organisations with both an EMAS and the Eco-label. They should be further rewarded especially as concerns the implementation, verification and maintenance costs and fees (see the options proposed for each scheme). Moreover, specific and very attractive forms of incentive and subsidy can be foreseen for those participants in EMAS or Eco-label that decide to join the other scheme.
- Finally, a relevant institutional measure would be to ensure integration of EMAS and the EU Eco-label in common public green procurement policies.

- Marketing:

- Increasing the synergy between the two scheme will offer a great opportunity and a good reason to propose a change in the logo of both EMAS and the EU Eco-label. As anticipated in the previous parts of this reports, both logos were criticised by some interviewees for not being very attractive, self-explanatory, appealing for the stakeholders, etc. A radical change was not suggested because of the relevant efforts already made to make them known to the public, and not to loose the current levels of diffusion and awareness. But if the revision strongly aims at pursuing synergy between the two schemes, then this objective can also be achieved by “reforming” both the logos and by making them truly complementary and explicitly “adding-on” one to the other. An impressively effective message can be sent to the consumers and the stakeholders if only one modular logo is conceived for the “environmental certifications” of the European Commission. The full logo will appear for those companies having both EMAS and Eco-label, while only the specific module will be used by participants to one of the scheme. Obviously, this system must be conceived in such a way to absolutely avoid confusion among consumers and stakeholders.

- Another useful measure concerning the schemes' marketing could be making it mandatory for Member States to promote, diffuse, advertise and disseminate the two schemes together. For example: advertising on media should always refer to both schemes, information material should be prepared and distributed in an integrated way, promotion initiatives should always be complementary, etc. This measure will multiply the marketing opportunities, empower the message on the consistency and the potential synergy between the schemes and, last but not least, save resources.

C1.2. Proposal for a “three level” EU environmental voluntary scheme

In order to pursue a more intense and effective integration between the two schemes, and to accept some relevant suggestions emerging from the EVER study, we finally propose a deeper innovation of both EMAS and the EU Eco-label, bringing about a new scheme and relying on different certification opportunities.

The new scheme can be based on a “gradual” approach which foresees three progressive levels of recognition by the European Commission of the organisation's environmental management. The basic concept of this option is to consider environmental management systems as a first step, concerned with the organisation and the way in which it manages its environmental aspects, and then to build on this first level to offer more opportunities for recognizing efforts and initiatives relating to the product's (good or service) environmental management and communication. The top level of the scheme is a recognition of the environmental quality of the product with respect to its competitors.

The new scheme is based on some of the previously described options (so the reader should be aware of what is proposed there).

The technicalities of the new scheme could be summarised in the following methodological and practical steps:

- First level:

- The first level is concerned with environmental management.
- EMAS III will represent the first level of the scheme: organisations will be able to obtain a registration for their environmental management system (i.e. with the exception of the environmental statement).
- In order to obtain first level registration, the interested organisations will have to comply with the requirements of EMAS III. As we have seen, these requirements could eventually be lowered or widened, according to some of the above presented options, to ensure that a considerable number of organisations will easily apply for registration.
- For example, the “code of principles” approach (see option A7) could be usefully adopted for these purposes, guaranteeing that a wide range of organisations will be interested and able to participate in the first level of the new scheme.

- Second level:

- The second level will be mostly related to external communication.
- At this stage, organisations will be allowed to use environmental communication and reporting tools and have them certified by the European Commission.

- These tools could be related: a) to the overall performance of the organisation and/or b) the product (good or service) environmental performance.
 - In case a), the second level will rely on what is currently foreseen for the Environmental Statement, eventually transformed in a more regulated report (see option A5, among the measures proposed for the option “EMAS as a reporting and communication tool”).
 - In case b), the second level will rely on the Ecological profiles (e.g. those defined by the EuP Directive) and EPD systems (ISO type III). As foreseen by the option “EMAS with a stronger product dimension” (see option A10), organisations will be able to develop a product environmental declaration and have it recognised by the European Commission on the basis of approved international or national standards. In addition to that, the organisation will have to develop an EPD or Ecological Profiles according to a common PCR (Product Category Rules), approved by the European Commission. This will be necessary, in order to ensure the comparability among the different EPDs and Ecological profiles.

- Third level

- The third level will concern product (good or service) environmental quality, or “excellence”.
- The third level foresees the possibility of certifying the environmental quality of the product as “better” or comparatively preferable to similar products, with identical functions and directly competing on the market. The aim of this third level is to make it possible to have a “comparative EU Eco-label” when the criteria have not yet been developed according to the conventional procedures.
- The EU Eco-label will therefore be awarded to the best performing products, selected on the basis of the data and information voluntarily provided by means of the EPDs or Ecological profiles by interested companies.
- More precisely, the Eco-label will be awarded to the relatively best performing products within the same product group. A product group will be delimited by all the products referring to the same PCR (Product Category Rules). In fact, belonging to the same product group and basing on the same PCR, the product performances will be comparable.
- Each year, all the EPDs and/or Ecological profiles that will be published by EMAS organisations (those entering the second level and, therefore, based on recognised standards and harmonised PCR), could be submitted for the EU Eco-label by interested companies and will be analysed and compared by a special task force within the European Commission. This task force will set the performance limits that identify the best performing products. The task force can be composed of the current members of the EUEB, and/or other stakeholders.
- The following year, all the products complying with that limits will be awarded with the EU Eco-label. If, in the meantime, other organisations achieve the second level of the scheme and their EPDs show relevantly better performances, the performance limits will be revised accordingly. Companies will have a time-lag to comply with new performance limits (as for the current EU Eco-label scheme).
- If EU Eco-label criteria already exist for a certain product group, those will be automatically adopted as performance limits. They will be revised only when a new organisation entering the second level of the scheme publishes an EPD or an Ecological profile showing relevantly better performances.

The objectives of this “three level” approach are the following:

- Widening the scope and number of environmental management systems certified (registered) according to an EU-based regulation (EMAS III).
- Enabling those organisations that are mostly interested in communicating with the stakeholders and in marketing their products to use an appropriate and effective tool (EPD, which is currently not very widespread), under the “umbrella” of the European Commission.
- Widening the scope and number of organisations using an “environmental quality” label on their products, by way of a strong enlargement of the current EU Eco-label (by enabling companies operating in product groups where criteria have not yet been developed to obtain the EU Eco-label on different – comparative and provisional – bases).
- Speeding up the process of drafting and approving criteria for awarding the Eco-label for many new product groups, by way of a self-prompting scheme, based on the possibility for any organisation operating in any product group to develop and propose methodological assumptions (PCR) and publish an EPD (based on a LCA approach) that will enable the Commission to rapidly define consistent performance limits.

The access to the three levels of the scheme can be defined in different ways.

A first hypothesis is to make level 1 mandatory for any organisation that wants to have access to level 2 and 3. An alternative hypothesis can be that level 1 is not mandatory, but in this case equivalent guarantees on the environmental management should be requested (e.g. in the requirements of level 2).

C1.c) Potential impact

A moderate impact on the number of both EMAS registrations and Ecolabelled products can be foreseen for the present option.

Both the proposed measures, in fact, should stimulate and motivate those companies that are interested in emphasising, respectively, the product dimension and the environmental management capabilities. The current numbers of the two schemes, though, demonstrate that these are not overwhelming trends.

The introduction of the ISO type III approach in the “three level” scheme could make it attractive for many more companies, but this is expected to happen only in the long run.

The impact of the option on environmental performance is expected to be moderate, insofar as the additional and “mutually reinforcing” requirements for the two schemes could well lead to a higher attention to the product (for EMAS) and to the site (for the Eco-label) performance.

We can foresee that indirect aspects would especially affect the actors in the supply chain (customers and suppliers). In both cases, these effects can be considerable.

In order to introduce such radical new elements into the schemes, the amount of organisation and co-ordination efforts required by the Commission and the Member States will of course be significant – especially if a new “three level” scheme is created and implemented.

C1.d) IMPACT PROFILE:

	C1.1.	C1.2.
Increase in the number of registrations	*	*
Improvement of environmental performance	**	**
Indirect effects (positive consequences for other actors: supply chain, other organisations, consumers,...)	**	**
Organisational and co-ordination effort by the European Commission	**	***
Organisational and co-ordination effort by the Member States	*	*
Economic resources needed	*	**

*** = considerable

** = moderate

* = low

Comparative assessment and ranking of the options

A) Revision of EMAS

1. *Comparative Assessment, Impact index and Effort Index*
2. *Interrelation and Synergy Index*
3. *Final recommendations: top options and support options*

1. The concluding part of this report aims to assess the impacts of the proposed options and, on the basis of a comparative assessment, to rank the most desirable options for the revision of the EMAS regulation.

As a first step, table 1 provides an overall assessment of both the positive and the negative impacts on the scheme in terms of efforts to be made in order to implement the different options.

This table also includes the options relating to possible synergy and integration between EMAS and the EU Eco-label (see part C of this report).

The options A15 “Sudden Death” and A16 “Slow Death” are not included in the following tables⁵.

If we focus on the positive consequences that the proposed options can produce, we can firstly identify some “direct effects” on the scheme. These effects are related to the increase in the number of registrations and on the potential improvement in the environmental performance. By summing up the “stars” (* symbol) of each option, referring respectively to the impact on the increase of the EMAS registrations and the impact on environmental performance, we can attribute a value to these effects. By multiplying the two values for each option, we can estimate an index that provides a measure for the direct effects. For example, if we consider the first option (A1 “Institutional incentives”), we can estimate that the connected direct effects are high in terms of number of registration (** = 3) and rather low in terms of potential improvement of environmental performance (* = 1). Therefore, we can assume that this option will foster the adoption of the current EMAS (implying a small improvement on environmental performance) to a high number of new participants, therefore it will bring moderate direct effects.

As we have seen, there are also some indirect effects linked to the implementation of the options we propose. These effects are connected with positive consequences for actors other than the participants themselves, e.g. the fact that EMAS can be effectively used by public purchasers as a simple tool for selecting suppliers on an environmental basis, the fact that the product dimension can stimulate the adoption of good environmental management practice in the supply chain, etc.

⁵ Both options aim at closing the EMAS scheme. They are based on a fundamental judgement that the benefits of closing the scheme may prevail the disadvantages. By contrast, the following tables are based on the assumption that continuation and improvement of the scheme are the better way forward. The tables compare the various options according to their potential for improvement and the efforts and resources needed for such improvements. Therefore, they reflect considerations which cannot be applied to the two options for ending the scheme.

In order to obtain a complete picture of the most effective options, we must therefore sum up the direct effects with the indirect ones. This produces an Impact Index, that is finally able to provide a synthetic measure of all the beneficial effects generated by each option.

Another crucial factor in identifying the “top options” concerns the efforts that both the European Commission and the Member States will have to make in order to design and fully enact the proposed measures, as well as the economic resources that will be needed. In order to obtain an estimated value related to these efforts, we can simply sum up the number of “stars” (* symbol) that are attributed to each option for the above mentioned three levels of effort: organisational efforts by the EC, organisational efforts by the MSs and economic resources. By computing and comparing the Effort Indexes, we can identify the most “cost-effective” options.

Table 1: Comparative assessment, impact index and effort index

	A1. Institutional incentives	A2. Promotion and marketing	A3. Embedment in legislation	A4. Global EMAS	A5. Communication tool	A6. Mandatory EMAS	A7. Code of principles	A8. Standard of excellence	A9. Targeting SMEs	A10. Product dimension	A11. Cluster approach	A12. Integration of CSR issues	A13. Banking and insurance	A14. EMAS for P.A.	A17. Business as usual	C1.1. Mutual reinforcement with Ecolabel	C1.2. "Three level" EU voluntary scheme
a) Increase in the number of registrations	3	3	2	1	2	2	3	1	2	1	1	1	1	1	1	1	1
b) Improvement of environmental performance	1	1	2	1	1	1	1	3	1	2	1	1	1	1	1	2	2
c) Direct effects (a x b)	3	3	4	1	2	2	3	3	2	2	2	1	1	1	1	2	2
d) Indirect effects	3	2	2	1	1	1	2	1	1	2	2	2	2	2	1	2	2
e) Impact index (c + d)	6	5	6	2	3	3	5	4	3	4	4	3	3	3	2	4	4
f) Organisational and co-ordination effort by the EC	1	2	3	2	2	1	3	3	3	1	2	3	1	2	1	2	3
g) Organisational and co-ordination effort by the MS	3	3	2	1	2	2	1	1	3	1	1	1	1	2	1	1	1
h) Economic resources needed	1	3	1	1	1	1	1	1	3	1	1	1	1	1	1	1	2
i) Effort Index (f + g + h)	5	8	6	4	5	4	5	5	9	3	4	5	3	5	3	4	6

2. A second step of the comparative assessment regards the possibility of implementing the options together, by pursuing potential synergies. This will be a crucial aspect for the revision of the scheme: in fact, the proposed options should be evaluated and selected also on the basis of their capability to reinforce each other and to strengthen their effects by relying on the complementarities with other options. To this purpose, we propose a cross-analysis of the relationship between each option and all the others. The analysis is aimed at emphasising if and how the options can be used in a mutually reinforcing way, or if they rather have to be considered as alternatives to one another.

Table 2 reports the results of the cross-analysis. In the cases where, as it can be seen, there is a strong mutual reinforcement between some options (scoring 2), we suggest implementing

them together. The options that are most synergetic with all the others should be considered as particularly effective in the light of the revision.

Table 2: Interrelation Table and Synergy index

	Institutional incentives	Embedment in legislation	Global EMAS	Communication tool	Code of principles	Promotion and marketing	Product dimension	Banking and insurance	Integration of CSR issues	Cluster approach	EMAS for P.A.	Targeting SMEs	Standard of excellence	Mandatory EMAS	Mutual reinf. With Ecolabel	3 level EU voluntary scheme	Business as usual
Institutional incentives	2	0	1	-1	2	1	1	1	1	1	1	1	2	0	0	0	-1
Embedment in legislation		0	2	-1	1	1	1	1	0	1	2	1	2	2	1	1	-1
Global EMAS			1	2	1	2	0	1	0	0	1	1	-1	0	0	0	0
Communication tool				-1	1	2	2	2	0	0	1	1	0	1	2	-1	
Code of principles					1	-1	0	1	0	-1	2	-1	-1	1	1	-1	
Promotion and marketing						1	1	1	2	1	1	1	0	1	1	-1	
Product dimension							0	0	1	0	0	1	0	1	2	-1	
Banking and insurance								1	1	0	1	2	0	0	0	-1	
Integration of CSR issues									0	0	0	1	-1	0	0	-1	
Cluster approach										1	2	0	0	0	0	-1	
EMAS for P.A.											1	0	1	0	0	-1	
Targeting SMEs												-1	-1	0	0	-1	
Standard of excellence													-1	0	0	-1	
Mandatory EMAS														-1	-1	-1	
Mutual reinf. with Ecolabel															1	-1	
3 level EU voluntary scheme																-1	
Business as usual																	

Note:

2 : strong mutual reinforcement

1 : synergetic

0 : neutral

-1 : non compatible

In order to identify the “top options” for the EMAS revision, we also create a Synergy Index, which estimates the capability of each option to be used in co-ordination and co-operation with the others. Even if it is a rough measure, this Index is able to measure the extent to which each option is synergetic, neutral or not compatible with the rest of the options.

For each option, the Synergy Index is calculated simply by summing the corresponding cross-values with all the other options (in rows and columns).

In Table 3, the options are coloured according to the efforts needed for their implementation (on the basis of the Effort Index), adopting a “traffic light” approach:

- Table 3: The option “traffic light”

	A1.	Institutional incentives	6
	A2.	Promotion and marketing	5
	A3.	Embedment in legislation	6
	A4.	Global EMAS	2
	A5.	Communication tool	3
	A6.	Mandatory EMAS	3
	A7.	Code of principles	5
	A8.	Standard of excellence	4
	A9.	Targeting SMEs	3
	A10.	Product dimension	4
	A11.	Cluster approach	4
	A12.	Integration of CSR issues	3
	A13.	Banking and insurance	3
	A14.	EMAS for P.A.	3
	A17.	Business as usual	2
	C1.1.	Mutual reinforcement with Ecolabel	4
	C1.2.	"Three level" EU voluntary scheme	4
IMPACT INDEX	6		
SYNERGY INDEX	11		
EFFORT INDEX	5		

The second group refers to support options with a lower Synergy Index (because of their higher innovativeness), but which can be usefully taken into consideration for a more radical revision process:

- A8. Standard of excellence can be an option to strongly differentiate EMAS from ISO 14001
- C1.2 Three level EU voluntary scheme and C1.1 Mutual reinforcement with the EU Eco-label are aimed at exploiting all the possible ways to better integrate the two voluntary schemes managed by the European Commission
- A7. Code of principles can be particularly effective in upgrading EMAS with respect to the other certification systems and, at the same time, make it simpler to participate in the scheme.

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B) Revision of the EU Eco-label

- 1. Comparative Assessment, Impact index and Effort Index*
- 2. Interrelation and Synergy Index*
- 3. Final recommendations: top options and support options*

1. As has been done for EMAS, we can further develop the Impact profiles of all the proposed options, in order to assess their potential effectiveness. The table reported below provides a general comparative assessment of the different options in sight of the EU Eco-label revision.

Once again, options relating to “Synergy and Integration” (Part C) have been included.

On the basis of the computation of the values relating to the direct and indirect effects, we can propose the synthetic assessment indexes for the selection of the different options.

By summing up the stars that have been attributed to each option for the two potential impacts, we can obtain the following Table 1. The Impact Index was created using the same approach as that used for the EMAS-targeted options: the number of stars (* symbol) relating to the potential to increase the number of Eco-labels has been multiplied by the number of stars relating to the potential improvement of environmental performance, resulting in a value that estimates the “direct effects”.

As could be expected, among the options that could potentially exert the most significant impacts, especially in terms of increase in the number of Eco-labels (as a component of the direct effects) and in terms of indirect effects, are those referring to Fiscal Incentives and Green Procurement.

Relevant impacts are also produced by options that foresee to modify the existing scheme. In particular, the option encompassing a change in the content (especially with reference to the widening of the product groups) would provide a considerable “push” to the scheme.

Finally, Promotion and marketing and Direct support were very much requested by the interviewees and the participants in the EVER workshop.

A second index can be proposed, as for EMAS, with respect to the efforts needed to implement the different Eco-label options. This index was created, as in the previous chapter, by summing up the “stars” that have been attributed to the (negative) impacts in terms of organisational, co-ordination and economic efforts, necessary to implement the different options.

Table 1: Comparative assessment, impact index and effort index[illegible]

2. Furthermore, an interrelation table is proposed also for the EU Eco-label, in order to emphasise what kind of relationship exists between all the proposed options.

As it has been previously explained, the cross-analysis between each couple of options aims at evaluating the possibility of implementing them together and provides an assessment value that varies from 2 (strongly reinforcing) to -1 (non compatible or even alternative).

As it emerges from Table 2, the “Outsourcing” option is the “more incompatible” with the others, owing to the fact that, if the scheme is privatised, many of the supporting measures cannot be undertaken by the Commission (promotion and marketing, direct support, etc.).

On the opposite, strong mutual reinforcement is acknowledged between many options that aim at promoting and supporting the scheme with different forms of external incentives and that promote the integration and harmonisation with other schemes.

Table 2: Interrelation Table and Synergy index

	B1.1: Structures and decision powers	B1.2: Outsourcing and "privatisation"	B1.3.: Streamlining the application process	B1.4.: Degree of centralisation of adm	B2.1.: Fiscal incentives	B2.2.: Green procurement	B2.3.: Regulation	B2.4.: Mutual reinf. with other schemes	B.3.: Changing content of the Ecolabel	B.4.: Promotion and marketing	B.5.: Harmonisation of eco-labelling schemes	B.6. Direct support to applicants	B.7.: Gradual extension towards sustainability	C1.1. Mutual reinforcement with EMAS	C1.2. "Three level" EU voluntary scheme
B1.1: Structures and decision powers	0	1	1	1	1	1	1	1	1	0	1	0	-1	-1	
B1.2: Outsourcing and "privatisation"		0	0	-1	-1	-1	1	0	-1	-1	-1	0	-1	-1	
B1.3.: Streamlining the application process			1	1	0	0	1	1	1	1	1	0	0	0	
B1.4.: Degree of centralisation of administration				1	0	0	1	1	2	0	1	0	0	0	
B2.1.: Fiscal incentives					2	1	1	0	2	1	1	1	1	1	
B2.2.: Green procurement						1	1	2	2	1	2	1	1	1	
B2.3.: Regulation							1	2	1	1	1	1	0	0	
B2.4.: Mutual reinforcement with other schemes								2	2	2	1	1	0	0	
B.3.: Changing content of the Ecolabel									2	0	0	1	1	1	
B.4.: Promotion and marketing										1	2	2	2	2	
B.5.: Harmonisation of eco-labelling schemes											1	0	0	1	
B.6. Direct support to applicants												2	2	2	
B.7.: Gradual extension towards sustainability														0	0
C1.1. Mutual reinforcement with EMAS															1
C1.2. "Three level" EU voluntary scheme															

Note:

2 : strong mutual reinforcement

1 : synergetic

0 : neutral

-1 : non compatible

An additional step is to further develop the Synergy Index and use it to "map" the proposed options according to the assessment performed.

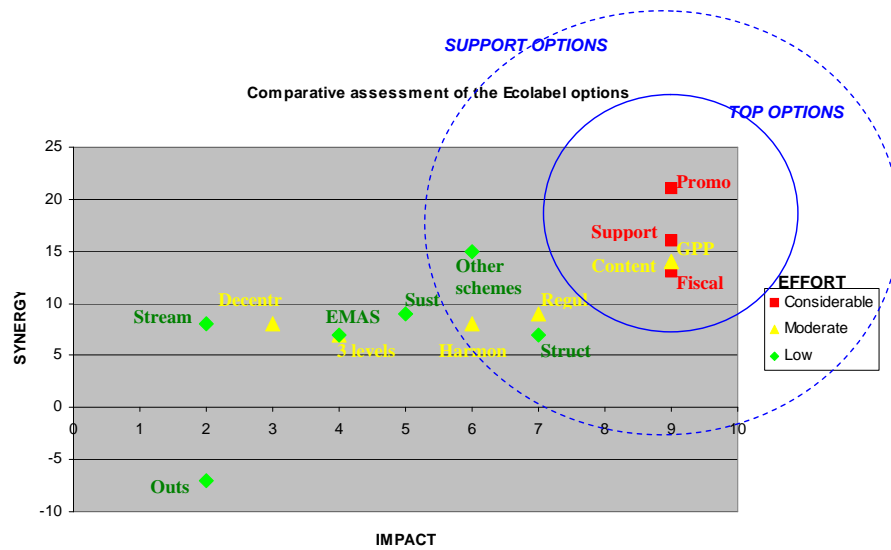
As in the case of EMAS, the Synergy Index aims at synthetically measuring the capability of each option to be designed and implemented together with other options, in order to strengthen its potential effectiveness. The Synergy Index is created in a very simple way: for each option, the algebraic sum of all the corresponding cross-values is used as a synthetic assessment of its compatibility with all the other ones.

Table 3, proposed below, provides an overall picture of the three indices.

The options are coloured according to the efforts needed for their implementation (on the basis of the Effort Index) according to a “traffic light” approach:

- Green light for easy-to-implement options
- Yellow light for options implying a moderate effort
- Red light for options implying a considerable effort

Table 3: The option “traffic light”[illegible]



3. On the bases of the Indices elaborated above, we finally map the options according to the three dimensions.

As one can see in the graph above, the “top options” that are able to provide a “big push” to the Eco-label scheme, and can be implemented in a very synergetic way, are the following:

- B.4.: Promotion and marketing
- B.6. Direct support to applicants
- B.3.: Changing content of the Eco-label
- B2.2.: Green procurement
- B2.1.: Fiscal incentives

These options can be usefully supported by other key options, which imply a slightly lower implementation effort:

- B2.4.: Mutual reinforcement with other schemes
- B2.3.: Regulation
- B.5.: Harmonisation of eco-labelling schemes
- B1.1.: Structures and decision powers