

Sustainable Supply Chain **& Technology Program**

Agenda

- **Current trends and the benefits of becoming a green supplier,**
Trish Donohue, NYSP2I
- **Doing Business with New York State,** *Nancy Fisher, Empire State Development*
- **B Corporations & Measuring the Impact of Your Business,**
Hardik Savalia, B Lab
- **An Overview of ISO 50001 and How Energy Affects your Profitability,** *Jerry Skaggs, UL DQS, Inc.*
- **ESD's Environmental Investment Program,** *Jim Gilbert, Empire State Development*
- **Available Assistance to Achieve Green Procurement Goals & the Sustainable Supply Chain Knowledge Clearinghouse,**
Trish Donohue, NYSP2I



Defining “Supply Chain Sustainability”

- The United Nations Global Compact defines **supply chain sustainability** as “*the **management of environmental, social and economic impacts** (sustainability), and the **encouragement of good governance practices** (accountability), throughout the **lifecycles of goods and services** (supply chain)”*
- Supply Chain Sustainability aligns with the UN Global Compact’s ten universally accepted principles (*see next slide*)
- “*The objective of supply chain sustainability is to create, protect and grow long-term environmental, social and economic **value** for all stakeholders involved in bringing products and services to market.*”

http://unglobalcompact.org/docs/issues_doc/supply_chain/SupplyChainRep_spread.pdf

UN Global Compact - The Ten Principles

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labor standards, the environment and anti-corruption in a commitment to sustainability and responsible business practices.

Human Rights (derived from *The Universal Declaration of Human Rights*)

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour (derived from *The International Labour Organization's Declaration on Fundamental Principles and Rights at Work*)

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labor;
- Principle 5: the effective abolition of child labor; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment (derived from *The Rio Declaration on Environment and Development*)

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption (derived from *The United Nations Convention Against Corruption*)

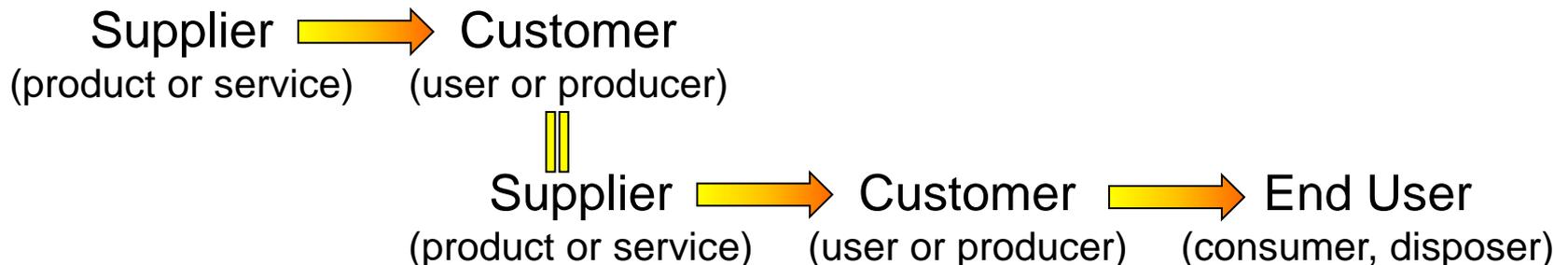
- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Stages of Supply Chains

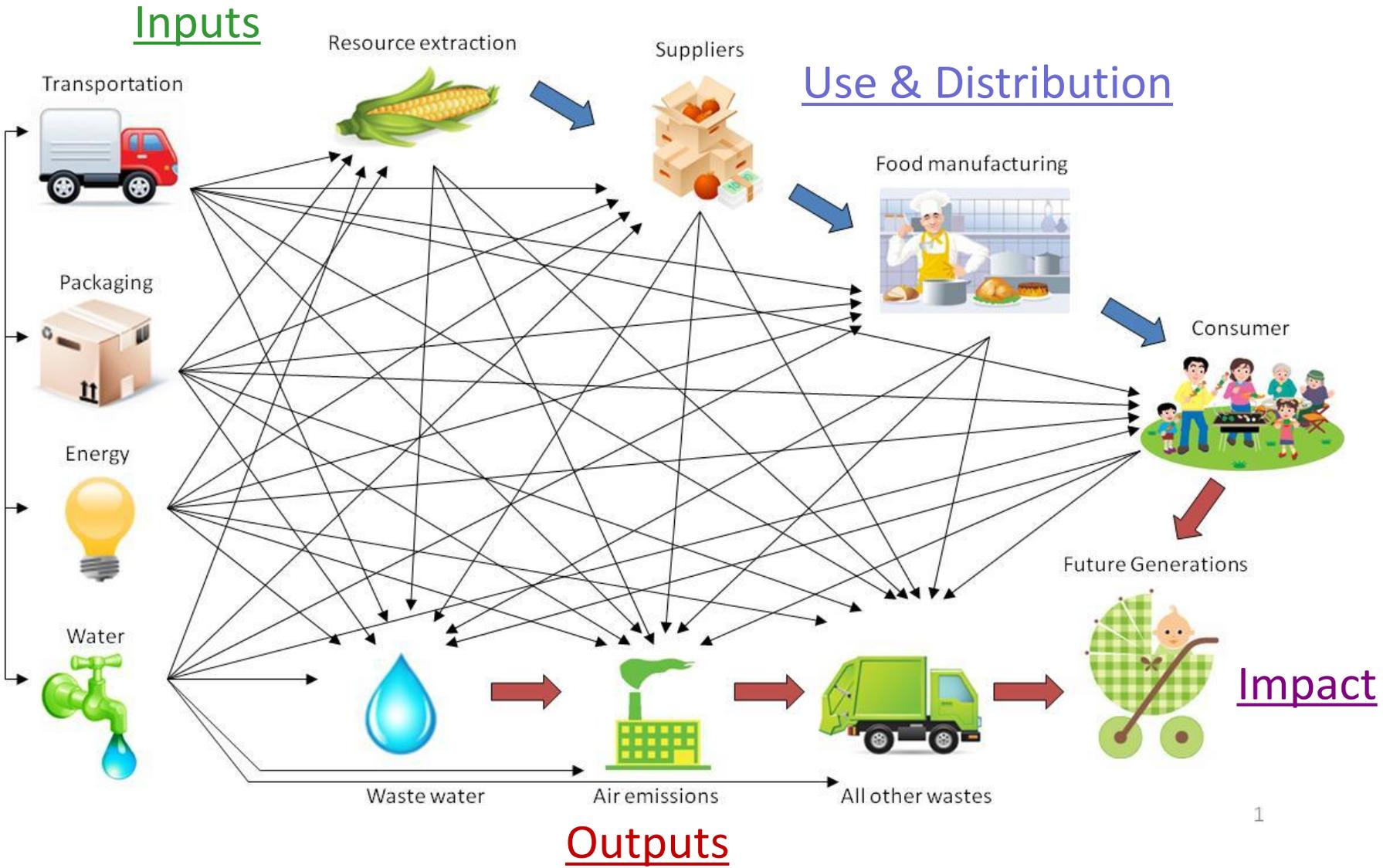
“Environmental, social and economic impacts occur during every stage of supply chains. In addition, ***governance***, which is *how an organization demonstrates accountability for its stakeholders*, is important at every stage”



UN Global Compact, “A Practical Guide for Continuous Improvement for Small and Medium Enterprises”

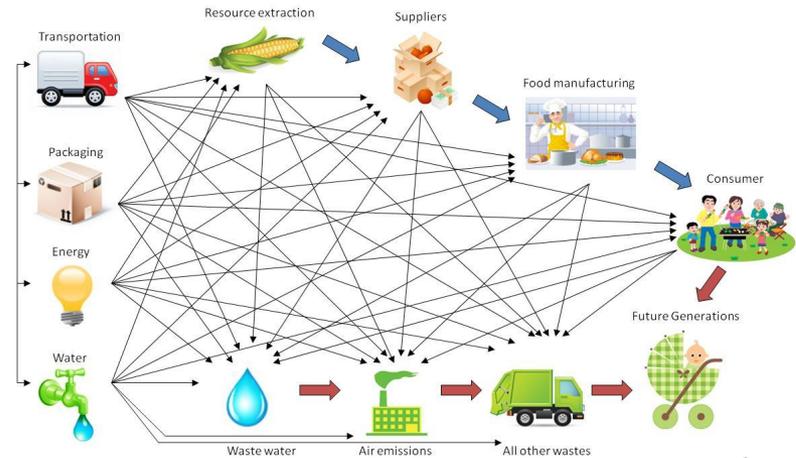


Stages of Supply Chains



Environmental Impacts of Supply Chains

- The environmental impacts of a product occur at every stage of the product's lifecycle
- Environmental impacts include
 - high energy use
 - abundant greenhouse gas emissions
 - hazardous wastes
 - air emissions
 - water consumption
 - wastewater generation
- Planetary impacts from using natural resources in supply chains can
 - create deforestation
 - a loss of biodiversity
 - permanent damage to ecosystems



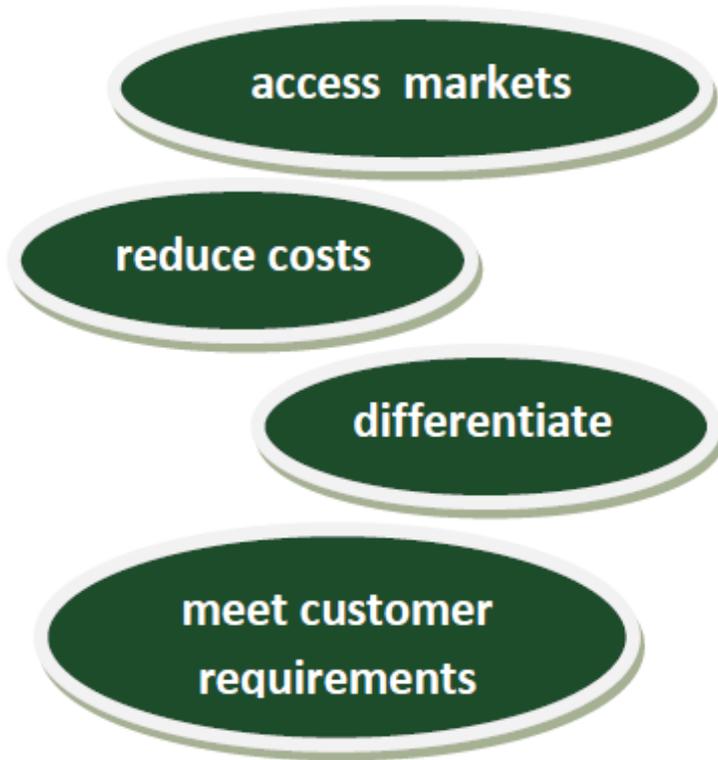
With our global economy, the affects of doing business can have devastating results if parties are unaware of their suppliers' activities especially in regions where regulations are minimal or unenforced and natural resources are taken for granted.

Benefits of a Sustainable Supply Chain

- Ensures compliance with laws and regulations
- Enables company to meet customer requirements
- Differentiates company from their competition
- Adheres to and supports international principles for sustainable business conduct
- Improves social, economic and environmental impacts
- Acts in the company's own interests, the interests of their stakeholders, and the interests of society at large

http://unglobalcompact.org/docs/issues_doc/supply_chain/SupplyChainRep_spread.pdf

Benefits of becoming a “Sustainable Supplier”



Cost Reduction

- Identify opportunities for efficiency improvements leading to reduction in total cost of ownership

Risk Reduction

- Mitigate business and brand risk by understanding environmental impacts of self and suppliers

Revenue Growth

- Seen as a leader verses competition
- Viewed as a trustworthy and respectable company
- Become a supplier of choice

Supplier Benefits: **MeadWestvaco Corporation (MWV)** is a global leader in packaging and packaging solutions:

Why do our customers care about sustainability?

Profitable Growth Strategies

- Drive organic growth
- Differentiate products in the marketplace
- Sustain competitive position and expand scope of product offerings
- Attract and retain customers
- Attract and retain talent
- Drive cost out through efficiency and productivity gains



Regulatory and Voluntary Reporting

- Mandatory GHG reporting effective 2010 for facilities that emit more than 25,000 tons GHGs per year
- SEC interpretive guidance issued on climate change disclosures
- Voluntary disclosure of corporate carbon emissions (CCX, CDP)
- Voluntary registries of facility emissions with specific methodologies
- Climate-related shareholder resolutions, including disclosure requests

(Do More Good)

(Do No Harm)

Components of Sustainable Supply Chain Programs

- Commit:
 - Develop a **business case** by understanding the drivers for a sustainable supply chain
 - Establish a sustainable supply chain **vision** and set objectives
 - Establish sustainability **expectations** for the company's supply chain
- Assess:
 - Determine the **scope** based on business priorities and impacts (map suppliers; determine key, strategic, high risk suppliers)
- Define & Implement:
 - **Communicate** expectations and engage with suppliers to improve performance (**Code of Conduct**)
 - Monitor to establish baseline and assess performance (**Supplier Scorecards** and Audits)
 - Ensure **alignment** and follow-up internally (remediate supplier non-compliance and invest in continuous improvement)
 - Enter into **collaboration** and partnerships (capacity building)
- Measure & Communicate:
 - **Track** performance against goals
 - Be **transparent**
 - **Report** on progress to stakeholders



Establishing a Supplier Code of Conduct

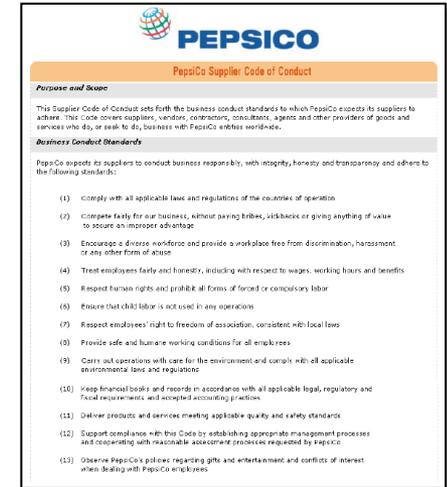
In an effort to create a sustainable supply chain, a company should establish a Supplier Code of Conduct (CoC)

A Code of Conduct:

- Engages and sets internal and external expectations between customers and suppliers
- Enables company to meet their supply chain sustainability goals and improve performance

Key Steps to developing a CoC:

1. Consult with Stakeholders, including suppliers
2. Base expectations on existing international norms of behavior rather than inventing new standards, to avoid undermining international law and prevent conflicting expectations for suppliers with multiple buyers
3. Consult with Cross functional teams, in particular supply management professionals
4. Consider a requirement that suppliers cascade these expectations to their supply base



Supply Chain Sustainability – A Practical Guide for Continuous Improvement, United Nations Global Compact



Score Card Examples

A few large retail companies and product manufacturers are leading the way

Who	Questions	Scoring	Implementation
Wal-Mart	<ul style="list-style-type: none">• 15 Yes/No<ul style="list-style-type: none">- based partly on quantitative measurements• 4 Types<ul style="list-style-type: none">- Energy and Climate- Material Efficiency- Natural Resources- People & Community	<ul style="list-style-type: none">• 1 methodology for all product suppliers• Scoring methodology publicly available	<ul style="list-style-type: none">• Started w/ top tier – now 133,000 product suppliers• Questions the same for first 3 years• Basic information and resources for suppliers to answer questions
Proctor & Gamble	<ul style="list-style-type: none">• 17 quantitative (12 core, 5 optional)• 7 types<ul style="list-style-type: none">- Energy- Water- Waste- GHG emissions- Environ. mgmt. system- Fines and sanctions- Innovative suggestions	<ul style="list-style-type: none">• 1 methodology for all product suppliers• Scoring methodology publicly available	<ul style="list-style-type: none">• Started with top 400 – now top 600• Questions generally the same for first two years• Basic information and resources for suppliers to answer questions
Hewlett Packard	<ul style="list-style-type: none">• Detailed survey of environmental and social business practices	<ul style="list-style-type: none">• 1 methodology for all suppliers• Scored on environmental and social risk potential	<ul style="list-style-type: none">• All suppliers (service and manufacturers) receive risk assessment• Resources are deployed to help risky suppliers

"We're still very much learning how to make this work. Our scorecard is only as good as the responses we get, so at least initially, we have to keep it simple." – Wal-Mart Sustainability Employee

Sustainability Reporting

Annual reporting to internal and external stakeholders and the public is recommended to demonstrate commitment and report on continuous improvement progress

Objective is to measure and disclose company's performance towards their sustainable development and supply chain goals

Reporting -

- Stimulates and enhances sustainability and transparency in the supply chain
- Demonstrates the management of environmental and social impacts in the supply chain
- Provides assurance of good governance in the supply chain and a vehicle for transparency

Continuous Improvement through Environmental Labels

Why are environmental labels needed?

“In general, procurement practitioners are not environmental experts, and environmental experts do not have the necessary understanding of the procurement process... Useful tools for bridging this competency gap are the so-called ***environmental labels***.”

Blue Angel – 1st label created in 1978 by the German Federal Ministry for Interiors

What is the difference between environmental labels and ecolabels

“Environmental labels” are many labels and declarations of environmental performance. “Ecolabels” are a sub-group and they respond to special criteria of comprehensiveness, independence and reliability and are based on life cycle considerations.



Examples of Enablers for a Sustainable Supply Chain

Third party validation of sustainability commitments

- “Selected” Suppliers/Purchasing Programs: e.g., NYS Executive Order 4
- Standards: e.g., ISO 50001
- Benefit Corporations: B Lab Certified
- Eco labels



DOING BUSINESS WITH NEW YORK STATE



Today's Presenter

Empire State Development

- **Nancy Fisher, CEcD, EDFP, Deputy Director
*Small Business Division, Procurement
Information Unit***

NYS Dept. of Environmental Conservation

- **Beth Meer, Special Assistant
Commissioner's Designee to Co-Chair the EO 4
Interagency Committee on Sustainability and Green
Procurement**

Agency Purchasing Requirements

Order of Purchasing Priority

- **First** – Agency uses **Preferred Sources***
- **Second** – Agency uses **Centralized (State) Contracts for commodities, services and technology***
- **Third** – Agency-Established Contracts
- **Fourth** – Agency conducts its own procurement, including Discretionary Spending

* **Must meet Agency's form, function and utility**

- **Review the Procurement Council Guidelines**
<http://www.ogs.ny.gov/procurecounc/pdfdoc/guidelines.pdf>

Preferred Sources

Preferred Source status is granted to

- Dept. of Corrections & Community Supervision –
Corcraft: www.CORCRAFT.org
- Industries for the Blind of NYS: www.IBNYS.org
- NYS Industries for the Disabled: www.NYSID.org
- Office of Mental Health:
www.omh.ny.gov/omhweb/buyomh/

***Individual companies cannot become a Preferred Source.
Your company may be able to become a supplier to the
Preferred Sources.***

Contact the Preferred Sources directly for information.

Second

**Agency uses
Office of General Services (OGS)
Centralized Contracts***

**Statewide contracts that are generally
competitively bid or negotiated*

Types of OGS Centralized Contracts – Mandatory Usage

- ***Commodities***

<http://www.ogs.ny.gov/purchase/spg/lists/commodty.asp>

- ***Services***

<http://www.ogs.ny.gov/purchase/snt/lists/services.asp>

- ***Technology***

<http://www.ogs.ny.gov/purchase/snt/lists/infotech.asp>

Examples of OGS Centralized Contracts

- ***Commodities***

A/V Equipment

Furniture

Office Supplies

Athletic Equipment

Highway Materials

Medical Equipment

Copy Paper

Rock Salt

Fuels

- ***Services***

Rubbish Removal

Moving Services

Bank Card Services

Elevator Maintenance

- ***Technology***

Telecommunications

Printers

Computer Hardware

Computer Software

OGS Centralized Contracts

- Nearly 1,500 currently exist
- May contain one item or thousands of items
- Search Procurement Services Group contracts
<http://www.ogs.ny.gov/Purchase/Search/default.asp>
- View current OGS bid opportunities on the ***bid calendar***
<http://www.ogs.ny.gov/purchase/Bidcalendarlv.asp>

Register for OGS Bid Opportunities

Online Vendor Registration for Bidder Notification Service (**BNS**)

- Register your business online at OGS website
- Free & simple process
- Strongly recommend creating a general business e-mail account for bid notifications

(for example: bids@yourcompany.com)

<http://www.ogs.ny.gov/ovr/Default.asp>

Bid Opportunities

- Identify centralized contract(s) that include goods and/or services offered by your business.
- Learn all you can about the centralized contract area(s) and specific bid requirements.

Centralized Contracts

- Bidders awarded contracts through the centralized contract bid process must be prepared to market your goods or services to contract users. Have marketing materials ready!
- A successful bid and resultant contractor number is not a guarantee of a sale. It is a competitive advantage and an opportunity for potential sales.

Resellers • Dealers Distributors • Agents

Contracts may allow vendor participation

BENEFITS

- Maximize manufacturer's ability to market and support a statewide contract – must be added by the manufacturer, not OGS
- Provide opportunities for sale from contractor's designated local resellers, dealers, distributors or agents
- Promote New York small, minority, women-owned business participation

How to participate as a reseller, dealer, distributor or agent on OGS centralized contracts?

- Check contract to determine availability of participation
- Examples

Computer Storage

Audio/Visual

Printers

Copiers

Microcomputers

Carpet

- Contact contractor directly for participation opportunities
- All sales must agree with contract terms and conditions!

NYS Procurement Transformation Project

Strategic Sourcing

- Leverages State's buying power
- Initiated by Division of Budget with OGS purchasing and consultant staff
- Gathers data to conduct quantitative analysis and apply qualitative judgments to secure best value
- Input from vendor community being gathered via surveys and Requests for Information
- Vendors are encouraged to sign up for OGS Bidder Notification Service and the New York State Contract Reporter

More information on Procurement Transformation at the OGS website:
<http://www.ogs.state.ny.us/BU/PC/SourcingFAQ.asp>

Third

Agency determines if an established agency contract can be used

Fourth

Agency conducts
its **own** procurement



New York State Contract Reporter (NYSCR)

www.nyscr.org

- The NYSCR is New York's official publication of procurement activity for New York State agencies, public authorities and public benefit corporations (other than notifications from the Office of General Services).
- State agencies must advertise procurements of **\$50,000** or more (*including discretionary purchases*) when they solicit bids from the business community for goods, services and construction projects in the NYSCR.

NYSCR | NEW YORK STATE CONTRACT REPORTER

Empire State Development

NYSCR is **FREE!**

- Registration is required for general access
- Enhanced service is \$79 per year for “**E**”**Alert** bid notification service to subscribers
- “**E**”**Alert** subscriber chooses type of message & category(ies) of interest
- “**E**”**alert** display message contains
 - Solicitation title (link to ad)
 - Location of project
 - Name of Agency soliciting goods/services
 - Bid due date

Daily Publication & Posting Bid Results

New ads appear every business day – Monday through Friday

- All ads are searchable, archived & retrievable
- Agencies post projected procurements under \$50,000 by category
- Agencies post bid results
 - ✓ Enables marketing of a business to prime contractors

Agency Discretionary Purchasing Authority

Discretionary purchases are procurements made below statutorily established dollar amounts and at the discretion of the agency, without the need for a formal competitive procurement process. Use of discretionary purchasing streamlines the procurement process.

Discretionary Purchasing Guidelines

<http://www.ogs.ny.gov/procurecounc/pdfdoc/DiscretionaryPurchasingGuidelines.pdf>

Discretionary Purchasing Authority Thresholds

- **\$50,000** for most State agencies

Discretionary levels increase to:

- **\$200,000** for purchases from a **New York Small Business** or **New York Certified Minority or Woman-Owned Business Enterprise (M/WBE)**
- **\$200,000** for commodities or technology that are recycled or remanufactured

<http://www.ogs.ny.gov/purchase/spg/pdfdocs/PnpDiscretionaryThresholds.pdf>

New York State Small Business & M/WBE

A New York State Small Business is defined as

- Resident to New York State
- Independently owned and operated
- 100 or fewer employees
- Not dominant in its field

There is no certification process for “New York State Small Business”

A Minority/Woman-Owned Business Enterprise

(M/WBE) *must be certified by NYS Empire State Development*

*For information on the **certification** process, contact **Empire State Development***

mwbecertification@esd.ny.gov or visit their website:

<http://esd.ny.gov/MWBE/Certification.html>

EO 4 Criteria for Green Purchasing

- Protect public health and the environment, esp. children
 - Reduce waste; use durable, reused, or reman content
 - Recycle and compost; make content easy to reuse, reman, recycle or compost; use recycled content
 - Reduce toxic chemical use; prevent pollution
 - Reduce greenhouse gases; use renewable energy
 - Manage resources sustainably; conserve water
 - Minimize adverse impacts throughout life cycle; support product stewardship
 - Minimize volume and toxicity of packaging
-

How Criteria are Used in Purchasing

- Green Specifications:
 - ❖ Requirements & encouragements for all purchases by agencies, including general contracts, competitive contracts & discretionary
 - ❖ Part of *form, function and utility*
 - Green General Contracts & Aggregate Buys
 - ❖ Some are entirely green
 - Green Product and Service Offerings
 - ❖ Many existing contracts contain green products
 - ❖ Many preferred sources offer green products
-

EO 4 Green Specifications

www.ogs.ny.gov/EO/4

- 29 green specifications covering 63 products adopted

Computers, cleaners, lamps, pest management, ink

- 8 tentatively approved
Photovoltaic systems, toilets,
carpet, hand dryers

- 19 under development
Office furniture, toner, paint,
road aggregate, food



100% recycled, PCF Paper

➤ Statewide contracts for paper issued Summer 2008:

- 100% recycled,
processed chlorine free
- Copy and janitorial



➤ FY 08-09

- 22% of copy paper, 34% of janitorial paper = \$4.5 M

➤ FY 09-10

- 49% of copy paper, 75% of janitorial paper = \$13.4 M

▶ Significantly fewer complaints

Green Cleaning

- Public schools in substantial compliance with law
- 84% of agencies use green cleaning products all or most of the time
- Green cleaning products cost the same or less, work as effectively, as traditional products
- SED reports widespread use and no complaints from schools or parents



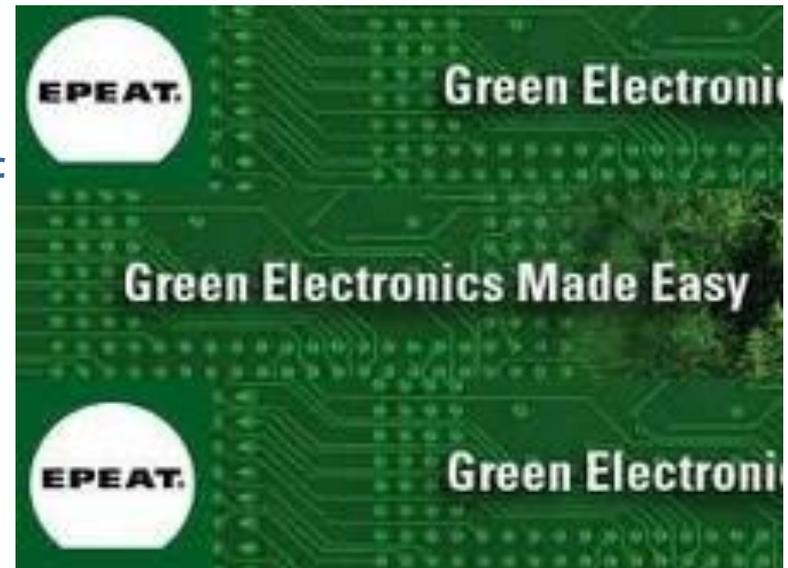


Green Cleaning Contract

- OGS green cleaning website lists 1700 products that meet the requirements of NYS law and EO 4.
 - Multi-state contract issued in May 2010 (led by MA) has 18 contractors (9 operative in NYS) and more than 200 products.
 - Available for use by agencies, school districts and municipalities.
-

Green Computer Aggregate Buy

- FY 08-09 met highest environmental standard in the country (EPEAT Gold +7)
- Savings have steadily increased each year: \$130 million saved off contract price FY 08-09
- Will save \$16 million in energy use over life of computers
- Avoided 5 million lbs of solid waste
- Reduced toxic chemical use by 30,852 lbs



Recommendations for Successful Bidding

- ✓ **Marketing Suggestions**
 - ✓ **Vendor Information**
- ✓ **Contract Award Process**

Identify Your Buyer

Not all government entities are alike

- **State Agencies**

Operate under State Finance Law

- **Municipalities** (counties, cities, towns, etc.)

Operate under General Municipal Law

- **Other Entities**

- **Authorities**

Operate under Public Authorities Law

- **School Districts**

Operate under General Municipal Law &
State Education Law

Market to State Agencies

- Understand the legal purchasing requirements
- Review the New York State Procurement Guidelines on the OGS website at

<http://www.ogs.ny.gov/BU/PC/Docs/Guidelines.pdf>

- Use the state agency telephone directory available from the Office for Technology

<http://www6.oft.state.ny.us/telecom/phones/>

Know the vocabulary of procurement

- **IFB – Invitation For Bid** – used in procurement of commodities, awarded to the responsive and responsible bidder on the basis of **lowest price**.
- **RFP – Request for Proposals** – used for procurements when factors in addition to cost are weighed and awarded to the responsive and responsible proposer offering the **best value**.

For a **glossary** of commonly used procurement terms, refer to the procurement guidelines

<http://www.ogs.ny.gov/procurecounc/pdfdoc/guidelines.pdf>

State Finance Law Bidder Requirements

- Bidder must be **responsive** to bid requirements
- Bidder must be a **responsible** bidder meeting **FLIP** requirements
 - **F**inancial & Organizational Capacity
 - **L**egal Authority
 - **I**ntegrity
 - **P**ast Performance
- ▶ Comptroller's Vendor Responsibility information
<http://www.osc.state.ny.us/vendrep/index.htm>

Vendor Responsibility Office of the State Comptroller

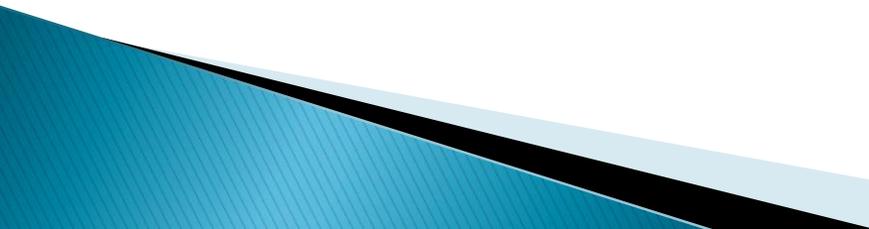
<http://www.osc.state.ny.us/vendrep/index.htm>

- **What is a Responsible vendor?**

A responsible vendor is one that has the capacity to fully perform its contractual obligations, and the integrity to justify the award of public dollars.

NYS VendRep System

Office of the State Comptroller

- Allows business entities (vendors) to enter and maintain their Vendor Responsibility Questionnaire information in a secure, centralized database
 - Makes information available to New York State agencies
 - Requires assignment of a NYS Vendor ID number
- 

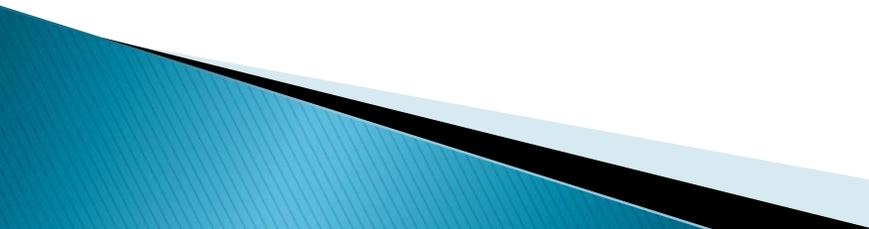
NYS Vendor Identification Number Office of the State Comptroller

- **Needed to:**
 - Enroll in NYS VendRep System
 - Receive payments
- **How to obtain a Vendor ID:**
 - Contact your contracting State agency
 - Contact OSC Help Desk, if you do not have a contracting State agency

Before submitting a bid

- Register with soliciting agency to receive bids and amendments
- Request a NYS Vendor ID, if submitting to State agency
- Maintain up-to-date business profile to receive proper notifications, where applicable
- Read entire proposal and follow instructions
- Enroll in NYS VendRep System, if required
- Submit questions for clarification during the inquiry period
- Verify bid submittal for accuracy and completeness

Critical points for bid submission

- Submit a timely bid (one minute late may be a late bid resulting in bid rejection)
 - Submit a signed and completed bid package
 - Price bid competitively
 - Submit required mandatory forms
 - Be responsive to all bid requirements
 - Demonstrate vendor responsibility
 - Provide proper licenses, insurance, and current references where required
- 

Bid Improvement Opportunities

- If unsuccessful in receiving an award, request an agency debriefing to learn how to improve future bids
- A debriefing will detail shortcomings of your bid submission
 - ✓ Take notes
 - ✓ Ask questions
 - ✓ Request assistance from Procurement Technical Assistance Centers

<http://www.dla.mil/db/procurem.htm>

- ✓ Request assistance from Small Business Development Centers in your area

<http://www.nyssbdc.org>



Green products: Cost and Effectiveness

In general, green products are competitively priced and perform well:

- Cheaper: traffic safety equip, glass beads, toner
 - Same: janitorial paper, computers, cleaning products, ink
 - Good payback: vehicles, appliances
 - Somewhat volatile: copy paper, motor oil (within 10%)
-

The Evolution of the Waste Can



Challenges and Opportunities

- Learning curve for purchase and use; time consuming to navigate market
- Existing accounting systems don't track green
- Lingering perception of increased costs
- Leased space
- Offer paper, cleaning products on statewide contracts
- Support development of independent, third party standards
- Share models for green procurement tracking
- Revise state's boilerplate leases; facilitate discussions with landlords

Contract Award Process

- Contracts generally require the Office of the State Comptroller's (OSC) approval
 - Agency award process may take several months for award recommendation which includes final approval by OSC
 - NYS VendRep provides current information on contracts being reviewed by OSC
- 

Procurement Resources

Free Technical Assistance

- **Procurement Technical Assistance Centers (PTAC)** – funded by the United States Department of Defense - seven PTAC locations in New York

<http://www.dla.mil/SmallBusiness/Pages/ProcurementTechnicalAssistanceCenters.aspx>

- **Small Business Development Centers (SBDC)** – administered by State University of New York and funded by the Small Business Administration, New York State, and host campuses for SBDC locations

<http://www.nyssbdc.org>

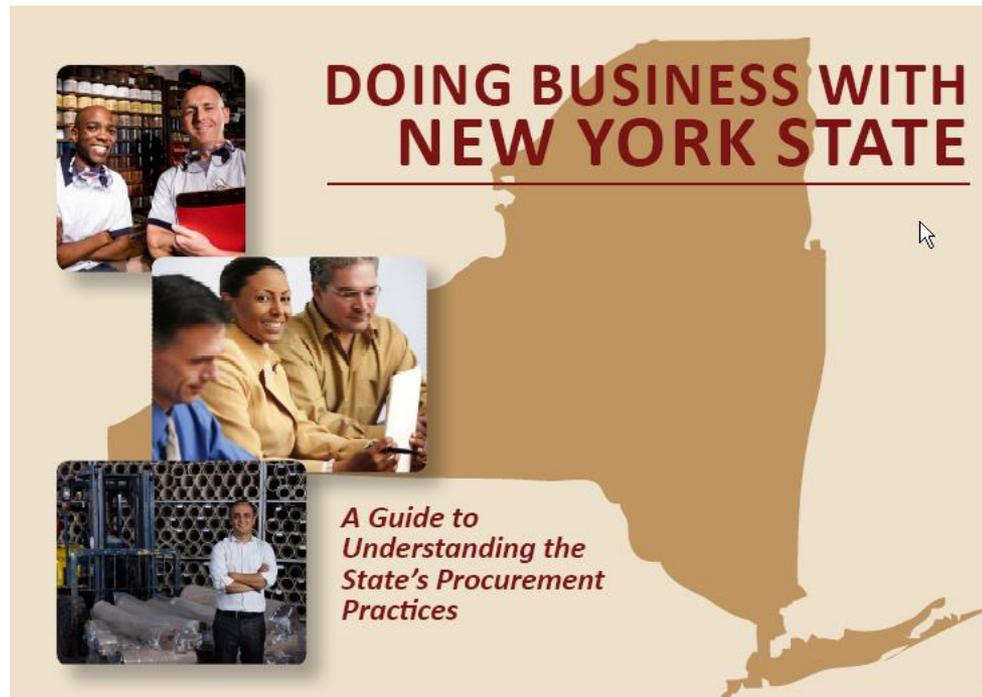
- **Look for procurement “how to” workshops, conferences, and other events on the NYSCR**

Doing Business with Other States & Countries

- **National Association of State Purchasing Officials -**
Find information about Cooperative Purchasing Agreements (used by multiple states) and links to purchasing information for all 50 States
<http://www.naspo.org/>
- **MERX – Doing business with Canada -** Site for doing business with Canadian public sector – new tenders advertised daily
<http://www.merx.com>
- **International Division – Empire State Development -**International trade consulting & assistance
<http://www.esd.ny.gov/International/Export.html>

Internet Resources

Information contained in this presentation can be found in a guide developed by NYS Office of General Services and Empire State Development:

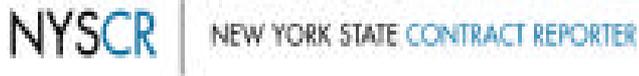


http://www.esd.ny.gov/SmallBusiness/Data/DoingBusinesswithNYS_July2011.pdf



**Special Assistant for Pollution Prevention
and Green Procurement
NYS Dept of Environmental Conservation
625 Broadway, Albany, NY 12233
(518) 402-2796**

eemeer@gw.dec.state.ny.us



**Empire State Development
Procurement Information Services/
New York State Contract Reporter
Phone: (518) 292-5220
Or “Contact Us” through the
NYS Contract Reporter**

www.nyscr.org



**New York State
Office of General Services (OGS)
Procurement Services Group (PSG)
Phone: (518) 474-6717
customer.services@ogs.ny.gov**

www.ogs.ny.gov



B Corporations

& Measuring the Impact of Your Business



For businesses in New York State

With the New York State Pollution Prevention Institute
June 20, 2012





Agenda

Share 2 Tools that every business in NYS should know:

1) **B Impact Assessment** to measure your impact for free

2) **Benefit Corp Status** to maintain your social mission





Context: Big Trend

Use market forces to solve social problems

Conscious consumers

60 million Americans

Socially responsible investors

\$2.7 trillion dollars

Social entrepreneurs and sustainable business

100,000+ businesses





Big Problem

Our current capitalist system wasn't designed for this

- Current corporate law works against sustainability and social impact
- No standards to distinguish 'good companies' from good marketing

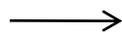




Big Need #1

The evolution of capitalism

20th Century



21st Century

Shareholder corporation

Benefit Corporation

Maximize
shareholder value
exclusively

Create
social and shareholder value
simultaneously



Big Need #2

Standards to drive support

Last 10 years



Next 10 years

Good products

Good companies



+ 500 others

B Impact Assessment

the change we seek™ B Corporations * Impact Investing * Public Policy





B Impact Assessment

B Impact Assessment

is a comprehensive assessment of overall social and environmental performance

Workers

Job Growth
Compensation & Benefits
Work Environment
Employee Ownership

+ Social Enterprise Business Models
Beneficial Products/Services
Targeting Underserved Communities
Beneficial Supply Chain

Community

Suppliers
Local
Diversity
Charity/Volunteerism

Environment

Energy Use
Facilities
Supply Chain
Manufacturing

Certified B Corps earn 80 of 200 points

Must be verified w/ random on site audit



Better World Books

Industry: Books

Product/Services: Online Bookstore

Location: Alpharetta, GA

Ownership: Private

<http://www.betterworldbooks.com>

SHARE

Date Founded: September 2002

Location: Alpharetta, Georgia

Sector: Wholesale

Industry: Books

Products/Services: Online Bookstore

Corporate Structure: C Corporation

Ownership: Private

Website: <http://www.betterworldbooks.com>**Highlights:****Environment:** 40 million books reused or recycled, saving landfills**Employees:** Added 91 Jobs during recession (33% growth); 64% of employees have ownership in the company; >50% of health insurance covered for employees and their families, >25% of new positions were filled in with internal candidates**Community:** Over \$8MM raised for global literacy and local libraries; >10% suppliers are located in low-income communities**B Impact Assessment - Results**Search
for B Corps

By location, industry etc.

Follow us on:

(> 80 out of 200 is eligible for certification as a B Corporation)
(> 60% points available is an Area of Excellence)

	2008	2011	2012
2012 Rating: 126.5			
Rating Details			Points Earned % Points Available
Governance <i>Area of Excellence*</i>			17.4 78.9 %
Corporate Accountability			12.9 86.2 %
Transparency			4.4 63.1 %
Workers <i>Area of Excellence*</i>			31.1 62.2 %
Compensation, Benefits & Training			18.5 54.9 %
Worker Ownership			6.2 68.8 %
Work Environment			6.4 87 %
Community <i>Area of Excellence*</i>			55.1 61.7 %
Community Products & Services			16.3 27.1 %
Community Practices			38.8 53 %
Environment <i>Area of Excellence*</i>			22.9 67.7 %
Environmental Products & Services			13.8 46 %
Environmental Practices			9.1 45.5 %
Total			126.5



Benefit Corporation Legislation

Key Provisions:

Purpose

- to create **material positive impact** on society and the environment

Accountability

- directors and officers **shall consider** effect of decisions on stakeholders

Transparency

- publish annual report in accordance with **a third party standard**

“The most original , constructive thought in corporate governance in 25 years.”

Former President, American Bar Association





Benefit Corporation Legislation

Business support drives strong bi-partisan support

- 8 unanimous votes
- 892-62 in favor
- signed by both R and D Governors

Why?

- ✓ 100% voluntary
- ✓ No regulations
- ✓ No cost
- ✓ Market-based



First Day to Register in California

“Five years from now, ten years from now, we’ll look back and say this was the start of the revolution. The current system doesn’t work – this is the future.”

Yvon Chouinard
Patagonia



the change we seek™ B Corporations * Impact Investing * Public Policy



BENEFIT CORP INFORMATION CENTER

- For Businesses
- For Attorneys
- For Directors
- Selecting a Third Party Standard
- State by State Status
- Find a Benefit Corp

- Quick FAQ's
- What Makes Benefit Corp Different?
- Interested in Passing Benefit Corp Legislation?
- About B Lab

What is a Benefit Corp?

Benefit Corporations are a new class of corporation that are required to create a material positive impact on society and the environment and to meet higher standards of accountability and transparency.

[Learn more](#)

WHAT IS A BENEFIT CORPORATION?

Benefit Corporations are a new class of corporation that 1) creates a material positive impact on society and the environment; 2) expands fiduciary duty to require consideration of non-financial interests when making decisions; and 3) reports on its overall social and

www.benefitcorp.net

STATE BY STATE STATUS



LATEST NEWS

- [Firms With Benefits](#), *The Economist*, January 7, 2012.
- [Companies begin filing as benefit corporations](#), *Sacramento Business Journal*, January 5, 2012
- [Patagonia Road Tests New Sustainability Legal Status](#), *Bloomberg*, January 3, 2012.





What is a Certified B Corporation?

B Corps use the power of business to solve social and environmental problems.

A Better way to do Business.

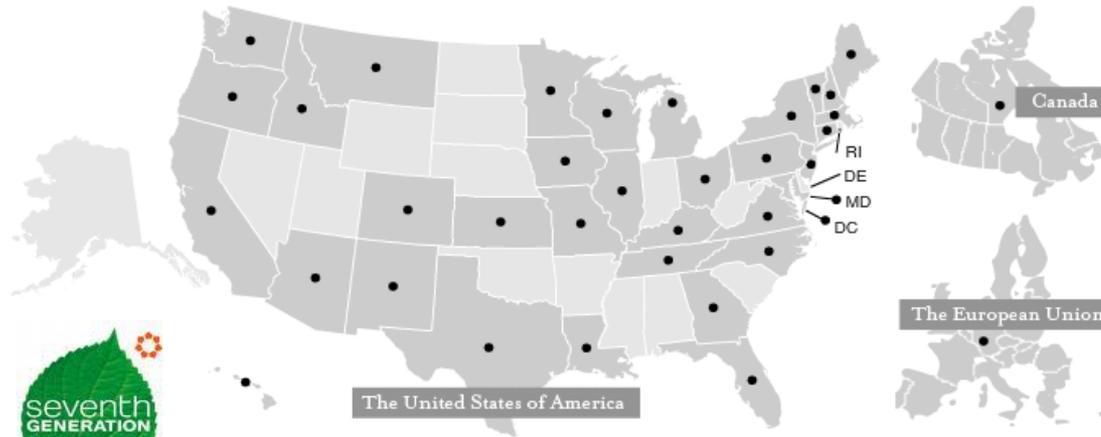
- 1) Meet independent, comprehensive and transparent standards of social and environmental performance
80pts minimum; must go through verification process
- 2) Meet higher legal standards of accountability
Adopt Benefit Corp status or something similar





Certified B Corporations: Leading a Movement

Leader of this movement are 500+ B Corps across 60 industries and 40 states



the change we seek™ B Corporations * Impact Investing * Public Policy





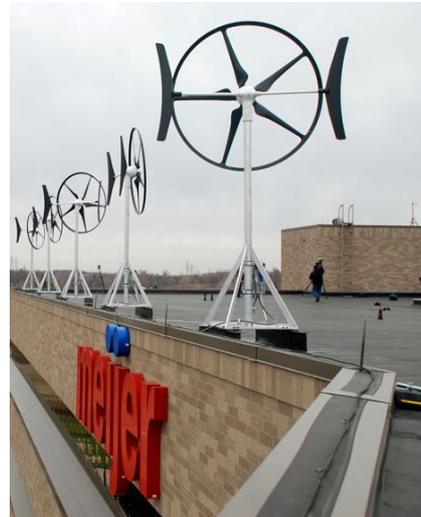
B Corp: Patagonia

- **Ventura, CA**
- **1300 Employees**
- **Apparel and Outdoor Wear Company**
 - ✓ Pioneer in organic and PCR textiles
 - ✓ Founded 1% for the Planet
 - ✓ Leader in supply chain transparency



B Corp: Cascade Engineering

- **Grand Rapids, MI**
- **1000 Employees**
- **Sustainable manufacturing at scale**
 - ✓ Quality jobs in depressed economy
 - ✓ Moving into renewables and BoP
 - ✓ Vision for regional sustainable economic development



B Corp: Freelancers Insurance Company

- **New York, NY**
- **50 Employees**
- **Insurance for Underserved**
 - ✓ Plans specifically designed to be affordable for independent workers
 - ✓ 45% of customers are low-income
 - ✓ Creating other financial services products



B Corp: Tri-Ciclos

- **Santiago, Chile**
- **Cultural change through recycling**
 - ✓ 680 tons recycled from 5 puntos limpios
 - ✓ National Innovation Award 2011
 - ✓ 1st Empresa B in South America





Take Away

Use the 2 Free tools created for you:

1) **B Impact Assessment**

to measure your impact for free

2) **Benefit Corp Status**

to maintain your social mission



Historic Opportunity

**Support a global movement
of entrepreneurs, investors, and consumers
with one unifying goal . . .**

Redefine success in business

the change we seek™ B Corporations * Impact Investing * Public Policy





Our Vision

Best
in *for*
the world

the change we seek™ B Corporations * Impact Investing * Public Policy



An Overview of ISO 50001 and How Energy Affects Your Profitability

Jerry Skaggs, P.E.
Environmental, Health, Safety and Energy
Program Manager

The purpose is to enable you to establish the systems and processes necessary to improve energy performance, including energy efficiency, use, consumption and intensity.

Implementation should lead to reductions in energy cost, greenhouse gas emissions and other environmental impacts, through systematic management of energy.

What is ISO 50001?

A formalized approach to addressing the sources and ways you use and consume energy.

It uses the same concepts of
Plan – Do – Check – Act
as other ISO standards.

Why should I care?

Energy represents as much as 30 percent of a building's operating costs, with buildings sector using approximately 66% of the electric energy in the US.

Electricity consumption in buildings doubled between 1989 and 2005.

What does it mean to me?

A 30 percent reduction in energy consumption can lower operating costs by \$25,000 per year for every 50,000 square feet of office space.

Increased asset value is another benefit derived from energy efficiency measures.

For every \$1 invested in energy efficiency, asset value increases by an estimated \$3.

That means that energy efficiency can be used as a low-risk, high-return investment.

There are several considerations in addressing the implementation of an energy management system, such as ISO 50001:

Greenhouse Gas is a symptom, not a cause. Reduction in energy consumption will, by default, reduce Greenhouse Gas emissions, as well as, other related environmental and societal aspects, impacts, risks and hazards.

The bottom line is a consideration, as implementation can be financially driven, but with environmental benefits.

Volvo ISO 50001 EnMS/SEP, A Case Study of EMS Integration, Implementation and Certification.

Benefits

- EnMS creates a legacy where there are management changes every 2-3 years, future general managers will not want to drop the ball.
- Part of creating a “World Class” manufacturing facility and a carbon neutral facility and add to energy savings and improved financials for tough manufacturing environment.
- Integration with ISO 14001 EMS was a benefit.

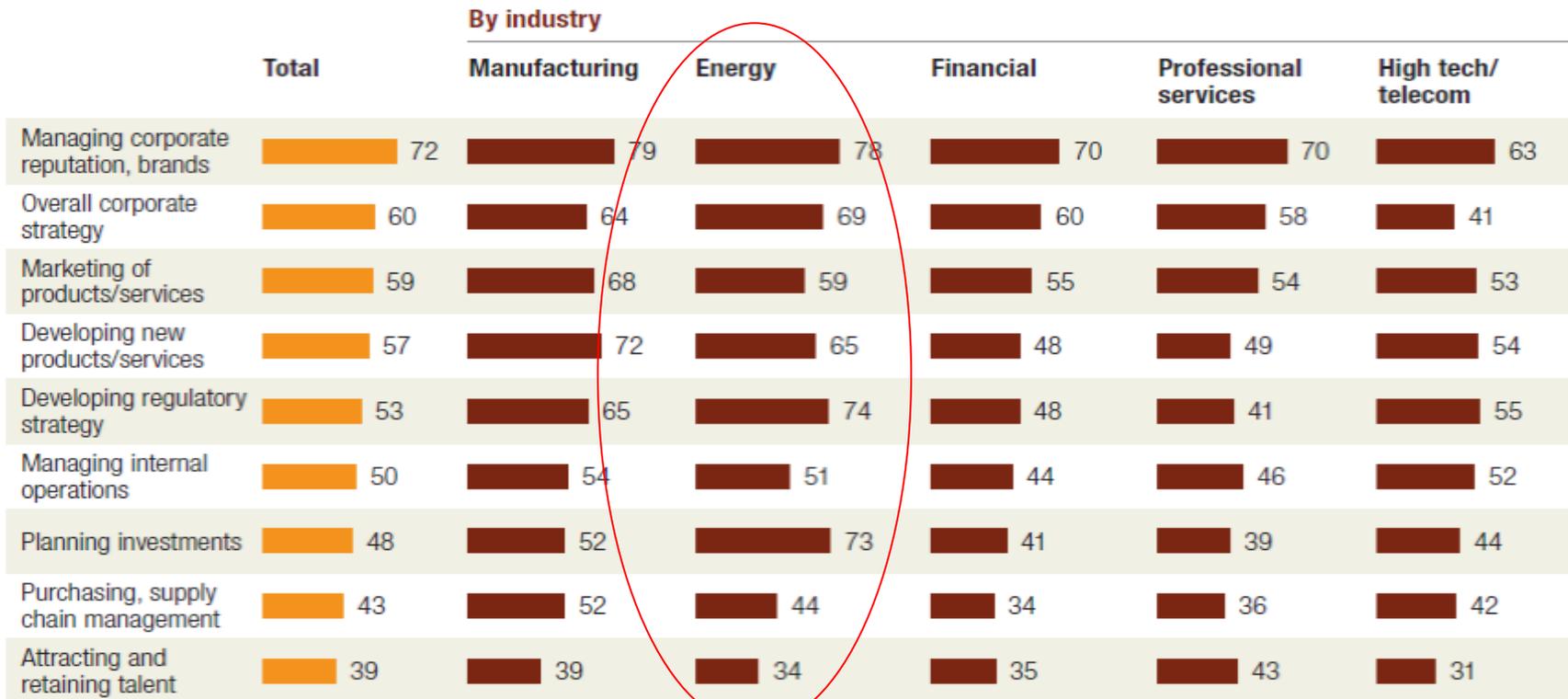
Challenges

- Fast Track / Limited internal support / external support.
- Toughest certification of all standards.
- SEP adds to the challenge of certification.

“Specific operational strategy must be the key part of the Energy Policy and M & V Strategy...done properly, will lead to a positive ROI on the overall Benchmarking, Certification or Non-Certification process”

Where sustainability matters

% of respondents who consider sustainability issues 'very/extremely important' in given area, n = 1,749



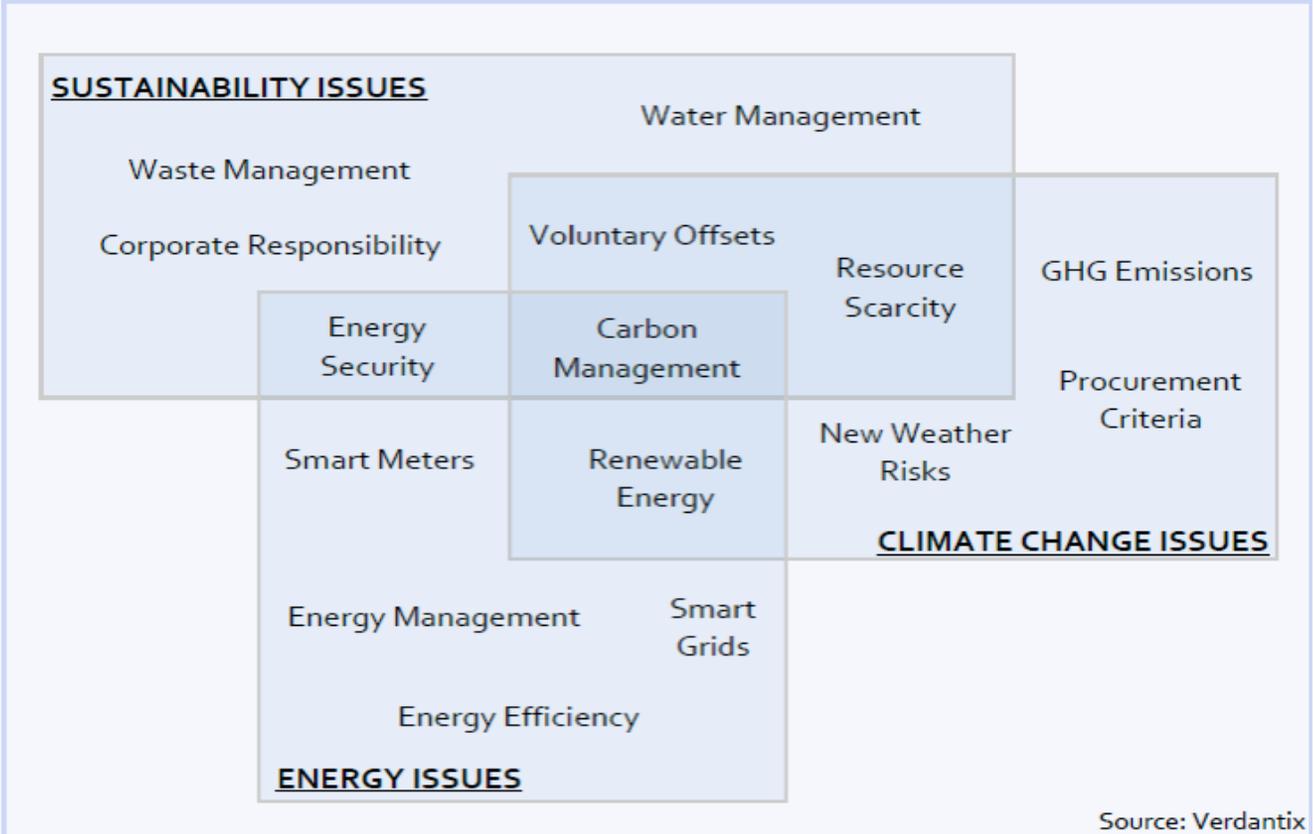
- Energy not valued as an organizational ‘currency’
- Continuous monitoring, metrics and performance measurement absent
- Economic performance, financial and qualitative benefits (ROI) absent
- First costs more important than recurring costs
- Disconnect between capital and operating budgets
- Technical training lacking



- Sustainability “culture” immature
- Deep Process quality management *systems* not embedded
- Stakeholders focus on production and not efficient use of energy or resources
- Functional silo’s vs. cultural silo’s
- IT data, monitoring and systems

“Uncertainty in carbon markets, environmental regulations, concerned investors, climate change policy pose risks that cannot be managed using existing norms and procedures”

Figure 1. Market Transition: Converging Trends Of Sustainability, Climate Change And Energy



ISO 9001

ROI benchmarks 9-13%

- MNC's mandated or implied Tier 1 and 2 adoption
- Competitive advantage & supply chain drivers added further incentives
- Operational benefits realized but marginally documented
- No real performance metrics

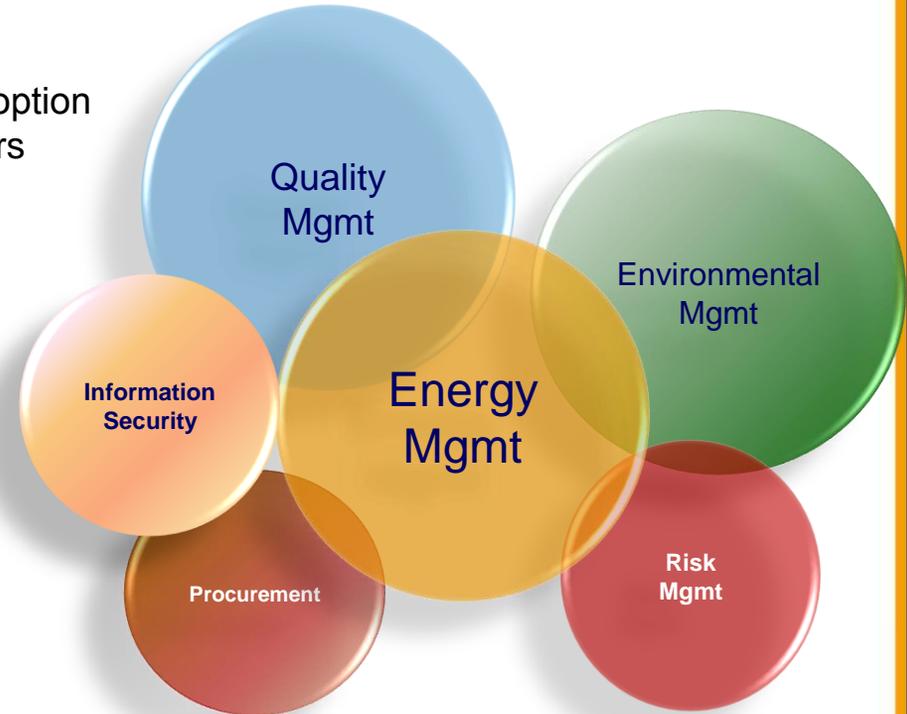
ISO 14001

ROI Benchmarks 7-12%

- Similar drivers as ISO 9001, plus
- Environmental responsibility
- Evolving into CSR & CSV
- No real performance metrics

ISO 50001

- **Published ROI Data Suggests 6.5-17% range expected within 1-2 years**
- Performance metrics (self-defined) incorporated
- Web-based & continuous performance tools
- Measured benchmarking
- Compatible with ISO 9001, 14001, and SEP



Benefits of an effectively implemented EnMS can include:

Reduced operational and overhead costs → increased profitability

Reduced air emissions, such as GHG:

- Increased efficiency of energy sources
- Increased assurance of legal, internal compliance
- Variables affecting energy use and consumption are identified

ISO 50001 is a foundational tool that any organization can use to manage energy.

ISO 50001

Components in place:

- Baseline
- Policy
- Plan
- Team/Leader



Superior Energy Performance

Facility-level conformance to ISO 50001 with validated energy performance improvement

**ISO 50001:
Foundation of SEP**

DOE, 2011

Benchmark Your EnMS Maturity

Definition of Maturity Class	Mean Class Performance
<p>Best-in-Class: Top 20% of aggregate performance scorers</p>	<ul style="list-style-type: none"> ▪ 9% reduction in carbon footprint ▪ 6% reduction in energy costs ▪ 7% reduction in facilities costs ▪ 10% reduction in paper costs ▪ 7% reduction in transportation / logistics costs ▪ 16% increase in customer retention
<p>Industry Average: Middle 50% of aggregate performance scorers</p>	<ul style="list-style-type: none"> ▪ 6% reduction in carbon footprint ▪ Increase in energy costs contained to 4% ▪ 1% reduction in facilities costs ▪ 5% reduction in paper costs ▪ 1% reduction in transportation / logistics costs ▪ 5% increase in customer retention
<p>Laggard: Bottom 30% of aggregate performance scorers</p>	<ul style="list-style-type: none"> ▪ 5% increase in carbon footprint ▪ 18% increase in energy costs ▪ 18% increase in facilities costs ▪ 12% increase in paper costs ▪ 19% increase in transportation / logistics costs ▪ 4% increase in customer retention

Source: Aberdeen Group, May 2009

Six Steps to Planning an Energy Management System

Step One:

Secure Commitment from Top Management

- Set Energy Policy
- Define Scope and Boundaries

Step Two:

Collect, Track, and Analyze Energy Data

- Current and past energy use, consumption
- Estimate future energy use, consumption

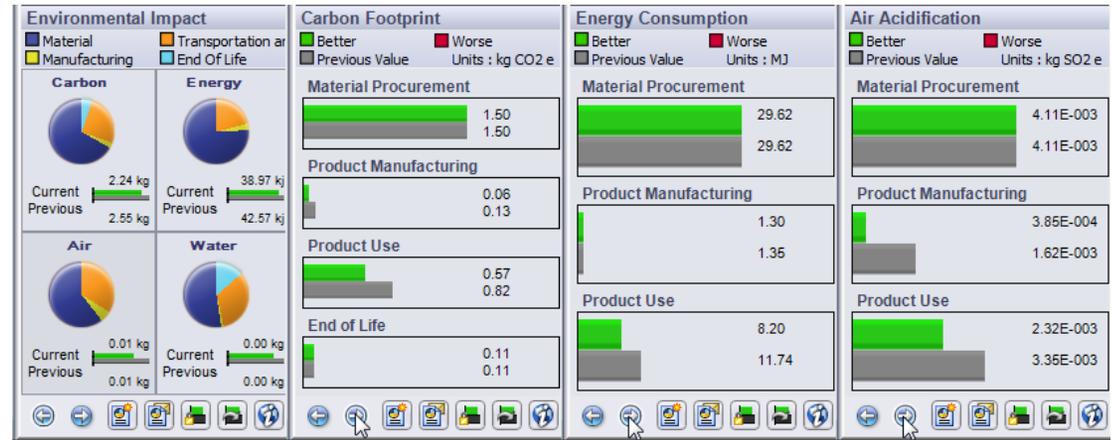
Step Three:

Identify Key Energy Uses

- Facilities
- Systems
- Equipment
- Processes
- Personnel
- Relevant Variables



Step Four: Establish a Baseline



- Reference point for energy performance
- Outlines current energy performance
- Predicts future energy performance
- Provides benchmarking method

Step Five:

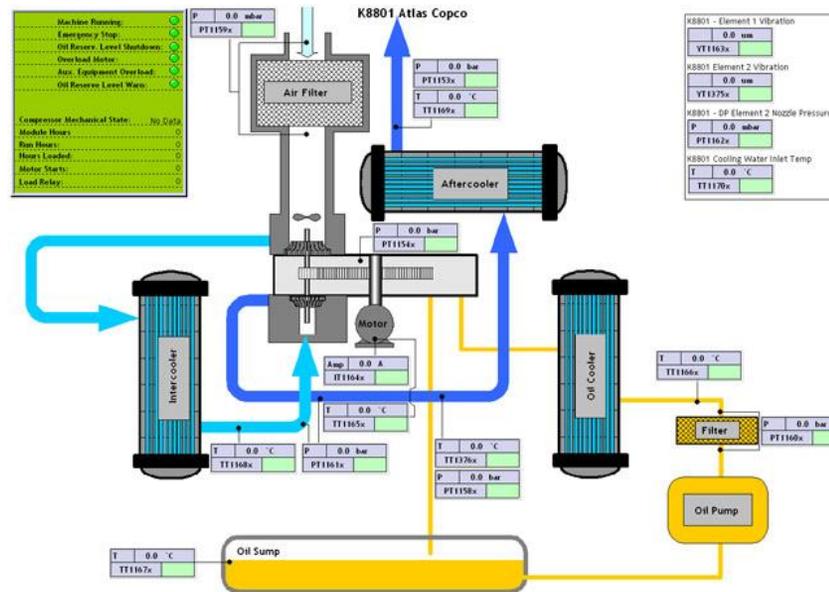
Identify Energy-Saving Opportunities

- New Sources
- Renewable Sources
- Alternative Sources

Step Six:

Prioritize Opportunities

- Return on Investment
- Ease of Implementation



ISO 14001:2004

- Legal and Other Requirements
- Significant Energy Use
- Objectives, Targets and Action Plans
- Operational Controls
- Evaluation of Compliance

ISO 9001:2008

- Design
- Procurement

Common Clauses

- Policy
- Management Commitment
- Appointment of Representative
- Competency, Training and Awareness
- Communication
- Control of Documents and Records
- Monitor and Measure
- Internal Audits
- Corrective / Preventive Action
- Management Review

Jerry Skaggs, P.E.
Environmental, Health, Safety and
Energy Program Manager

Jerry.skaggs@us.dqs-ul.com

412.818.5580 - Cell

or

Energy.interest@us.dqs-ul.com

Environmental Services Unit

Environmental Investment Program

- Formed 1988 to create Markets for Recyclables
 - ▶ Curbside recycling collection was new
 - ▶ Fulfilled need to help businesses recognize and act on opportunities to use recycled materials
- 1998 Pollution Prevention added to mission
- 2010 Sustainable Product/Technology Development category added
- Primary Metrics
 - ▶ Tons of Materials Recycled or Pollution Prevented

ENVIRONMENTAL INVESTMENT PROGRAM / EIP

- Invests appropriations from Environmental Protection Fund
- Proposals reviewed competitively
- FY 2012-13: \$1 million
- www.nyworks.ny.gov
- Deadline: July 16, 2012



INVESTMENT AREAS

- I. Reuse, Remanufacturing Recycling (3R's)
- II. Pollution Prevention (P2)
- III. Sustainable Product and Technology Development/ Implementation

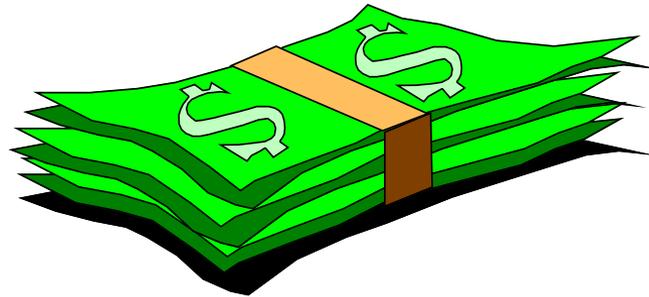


PROJECT CATEGORIES

- A. Capital (Fixed Assets)
- B. Research (Technology demonstration/deployment)
- C. Technical Assistance

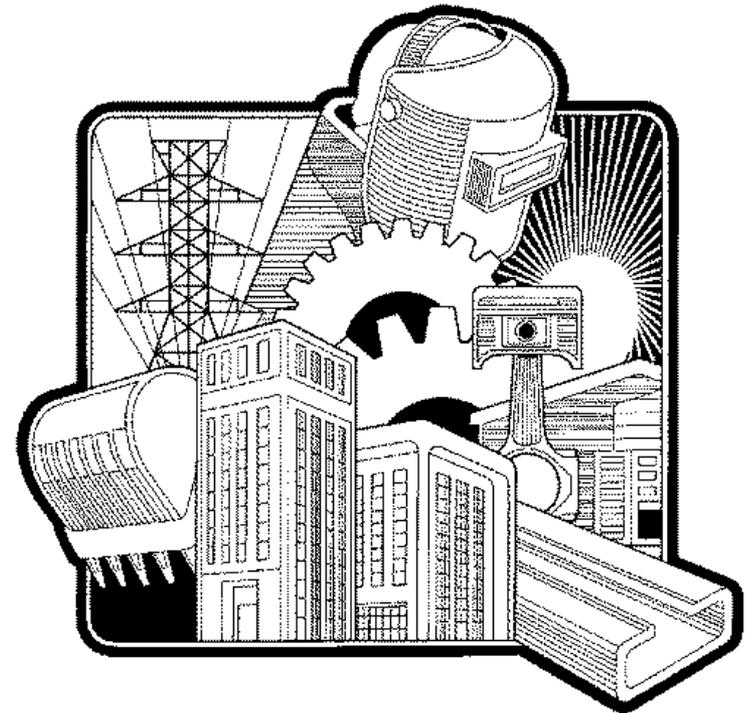
EIP Evaluation Criteria

- Return on \$ invested per:
 - ▶ ton new recycle/reuse/ remanufacturing capacity
 - ▶ unit of pollution prevented
- Proposed match or \$'s leveraged
- Compared to other projects in portfolio and round



EIP Evaluation Criteria

- **Capture economic benefits of enhanced environmental performance**
 - ▶ Increased productivity and competitiveness
 - ▶ Increased capacity and revenues
 - ▶ Jobs created or retained



Sustainable Product/ Tech Development

- Creation of new or reformulated products and industrial process technologies
- Must enhance environmental sustainability in a measurable way when compared to the conventional product or process technology



Sustainable Product/Tech Development Priorities

- Enhance environmental performance by addressing:
 - ▶ Industrial process waste in any or all media
 - ▶ Hazardous waste
 - ▶ Toxic and heavy metal reductions/substitutions
 - ▶ Recycled content feedstock
 - ▶ Lifecycle design for reuse/remanufacturing of products/technologies

A. CAPITAL

- Provides grants for up to 50% of eligible costs
 - ▶ Often significantly less than 50%
- Maximum \$500,000 per project
- Used primarily for machinery/equipment tied to
 - ▶ Recycling Capacity Expansion
 - ▶ Reducing Pollution
 - ▶ Sustainable Product Production
- Private firms must apply through non-profit or municipality (e.g. IDA, EDC, LDC)

Capital Project Example

- Niagara Co. IDA o/b/o VanDeMark Chemical, Inc., Lockport (2007)
- \$500,000 toward \$1.9 million project
 - ▶ Installed new control system plus distillation and glass-lined steel tanks
 - ▶ Reduce emissions by controlling the process better
 - ▶ Recover and recycle spent solvents
 - ▶ Saving over \$500,000 per year in raw material costs
 - ▶ Enabled start up of new production line
 - Over \$1 million per year increased sales

Capital Project Example

- Center for Economic Growth o/b/o Ecovative Design, LLC, Green Island (2011)
- \$250,000 toward \$1.6 million project
 - ▶ Machinery & Equipment to expand production of EcoCradle™
 - ▶ Unique, sustainable packaging product made from NYS agricultural waste products and papermill sludge.
 - ▶ Project will:
 - Increase production efficiency
 - Reduce industrial waste
 - Create market for NYS agricultural waste products

B. RESEARCH

- Demonstrate/deploy new technology or product for commercialization
- Positioned between basic research and seed capital for start-up / expansion
- Maximum award: \$200,000
 - ▶ Awards up to 80% of project cost
 - ▶ Requires 20% cash match
 - ▶ No fixed assets allowed
 - ▶ Proposer must be small/medium-sized (<500 employees) business or non-profit organization

Research Example

- Ecovative Design, Green Island (2010)
- \$200,000 toward \$404,000 project
 - ▶ Commercializing research initially conducted at RPI
 - ▶ Create packaging and insulation products from agricultural and paper mill residuals
 - Refining production methods
 - Physical property testing to meet ASTM and other relevant standards
 - Customer evaluation

Research Example

- American Aerogel, Rochester (2010)
- \$186,000 toward \$712,000 project
 - ▶ Co-funded in-part by NYSERDA
 - ▶ RIT is one of the research partners
- Improving insulation of refrigerated tractor trailers
 - ▶ Higher R-value
 - ▶ Longer life
 - ▶ Reduced wall thickness
 - Enables better back-haul utilization

C. TECHNICAL ASSISTANCE

- Provide waste prevention/P2 assessment and deployment services
- Generally caps projects at \$100,000/yr
- Requires minimum 50% match
 - ▶ Match must include cash contributions from assisted businesses
- Proposer must be municipality or non-profit organization

Technical Assistance Example

- High Tech of Rochester (completed 2009)
 - ▶ Assessed 22 Companies for P2/Recycling Opportunities
 - ▶ 13 were chosen/elected to move to implementation
 - ▶ Results:
 - Solid waste reduced by 428 tons/yr
 - Air emissions reduced by 4.7 tons/yr
 - Hazardous waste reduced by 6.8 tons/yr
 - Saving over \$1 million annually on raw material and waste management costs
 - Additional savings in electricity usage
 - Environmental marketing benefits
- Similar Projects in other areas of NYS (all RTDC's)
 - ▶ Mohawk Valley TDC, CITEC (North Country), ITAC (NYC)

INELIGIBLE PROJECTS



- “End-of-pipe” Pollution Control Technologies
- Compliance
- Incineration/W-T-E/RDF
- Shifting Waste from One Medium to Another
- Remediation

HOW TO GET STARTED



- **Consult with ESU staff:**
environment@esd.ny.gov
- **Complete CFA Application:**
www.nyworks.ny.gov
- If necessary, secure eligible proposer as partner
- Update financials (Capital and Research)

EIP SUMMARY

- Invest in NYS Businesses
- Areas of interest are 3Rs, P2, Sustainable Products/Tech
- Capital, Research, Technical Assistance
- Matching Funds Required
- Evaluated by: Environmental Results, Likelihood, Cost/Result, Economic Benefit to Business
- Begin by Consulting with an ESU Specialist
- Apply through CFA

Consolidated Funding Application

www.nyworks.ny.gov

Albany (main) office (518) 292-5340

environment@esd.ny.gov

www.esd.ny.gov/environment

www.esd.ny.gov/recycle

Finger Lakes, WNY, Southern Tier Regions

Jim Gilbert (585) 399-7055

jgilbert@esd.ny.gov

Sustainable Supply Chain **& Technology Program**

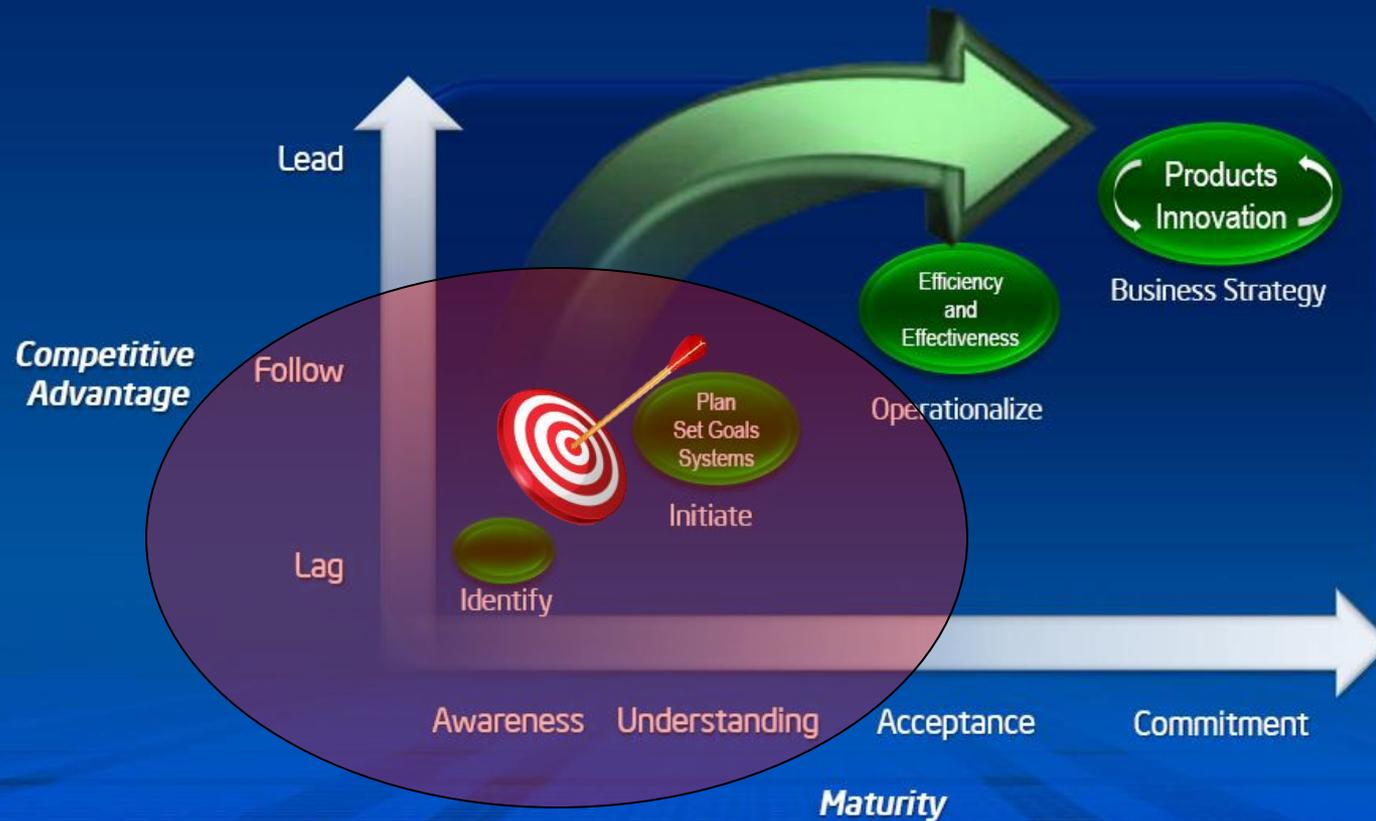
Sustainable Supply Chain & Technology Program

Establishing a means for NYS manufacturers to become green suppliers by improving their processes and purchasing decisions to create a more sustainable supply chain infrastructure, resulting in capacity building and job growth.

Enablers:

1. Knowledge Clearinghouse Resource – Website providing guidance on non-regulatory, voluntary standards and certification requirements necessary to enter new and emerging “green” markets
2. Sustainable Manufacturing Assessment and Implementation Assistance
3. Marketing and Awareness of NYS Companies as Green Suppliers and Providers

Sustainability Maturity Curve



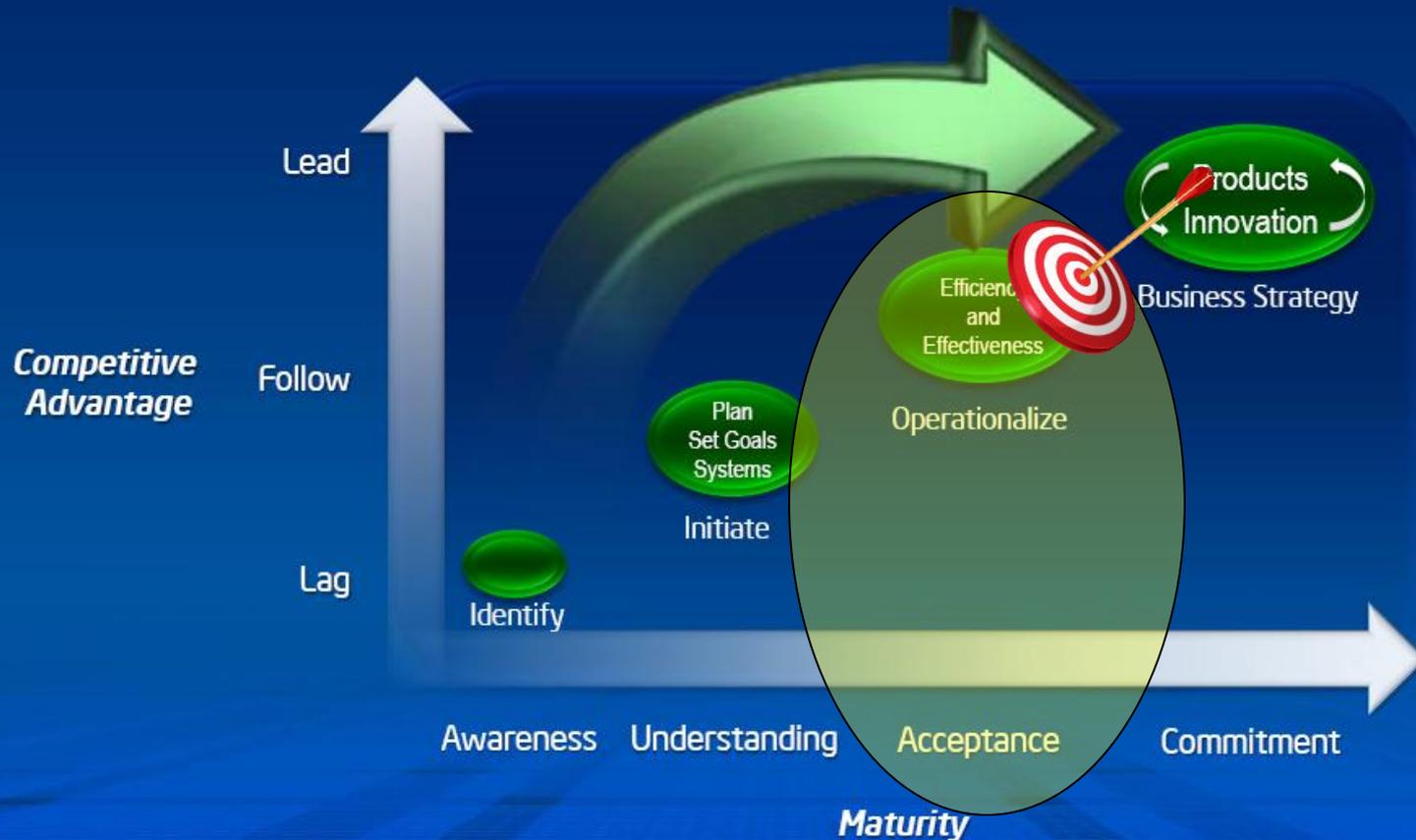
Sources: FairRidge, Intel, BSR Conference

Sponsors of Tomorrow™ 

NYSP2I may assist companies who are early in the **Sustainability Maturity Curve**: Those Gaining an *Understanding* of Sustainability; Starting to *Follow* their competitors

The Goal of the **NYSP2I Sustainable Supply Chain** program is to move assisted companies toward *Operationalizing*, enabling them to become Potential *Leaders*, having a *competitive advantage*

Sustainability Maturity Curve



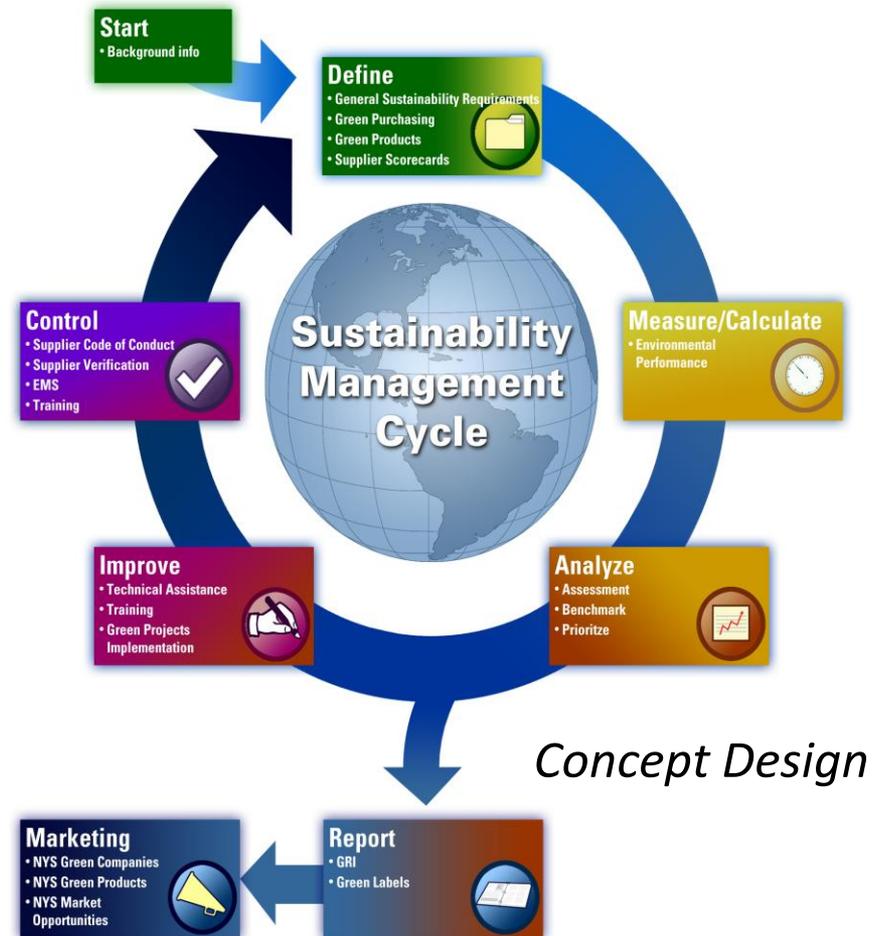
1. NYSP2I SSC Knowledge Clearinghouse Website

Website created to inform public about becoming a sustainable supplier and/or purchaser.

- **Define** “Sustainable Supply Chain” & benefits, trends
- How to **Measure** impacts (energy, water, air, waste)
- Tools for **Analyzing** impacts
- Guidance for **Reporting** to customers and public
- Benchmark practices for **Improving** operational impacts
- Guidance for Continuous Improvement and **Control**
- Means for **Marketing** “green suppliers”

Available Summer 2012

Sustainable Supply Chain & Technology Program

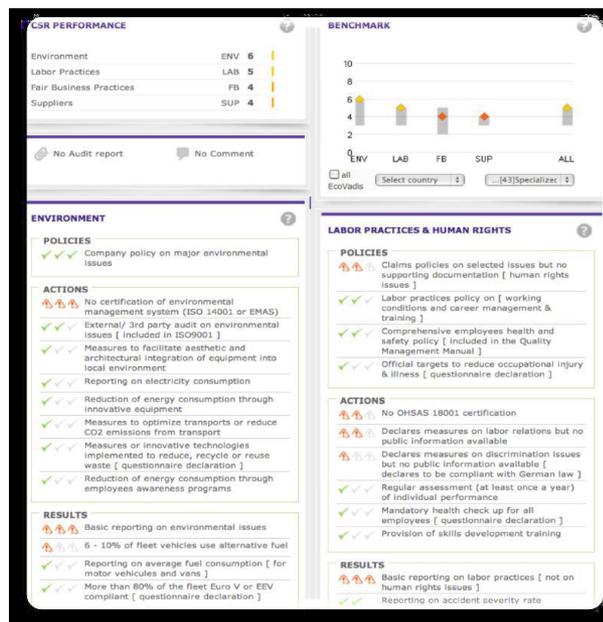


2. Sustainable Manufacturing Assessment and Implementation Assistance

Assist or Assess companies with one or more of the following:

- Enable capability to respond to customer requests for completing sustainability **scorecards** → Scorecard completed and accepted by customer with an acceptable rating
- Enable positioning to become **certified** to a sustainability standard or label → Certifying body or consulting firm confirmed company is ready to start certification process
- Enable commencement of a **Sustainable Purchasing Program** with a Supplier Code of Conduct and Scorecard → Company implemented program to their suppliers

Sustainable Supply Chain & Technology Program



3. Marketing and Awareness of NYS Companies as Green Suppliers and Providers

- Company Self-Marketing
- NYSP2I Clearinghouse Website Company Profiles
- Case Studies and Company Profiles in Outreach Events
- Networking / Matchmaking Event(s)



Sustainable Supply Chain & Technology Program

Metrics

Primary Metrics:

- Retained and new **jobs!!**
- Retained and new **revenue**
- Retained and new **customers**

Secondary Metrics:

- Company implemented a “**system**” to enable measuring and reporting
- Environmental **reductions** were measured / achieved (media in lbs, gals, kWh, etc.)
- Company **communicated** and/or **reported** results

Q&A

Please enter your questions in the “Q&A”
box on your screen



Empire State  Development