



Environmental Performance Agreements – Design Features

An Environmental Performance Agreement is an agreement between Environment Canada and other parties to achieve specified environmental results. The Minister of the Environment endorsed the [Policy Framework for Environmental Performance Agreements](#) in June 2001.

This page provides an overview of the main features of the design of the environmental performance agreements that have been negotiated and signed to date. While each performance agreement adheres to the principles and design criteria outlined in the policy framework, each agreement is also unique. The [individual agreements](#) Web page (available at <http://ec.gc.ca/epe-epa/>) should be consulted for more detailed information about each agreement.

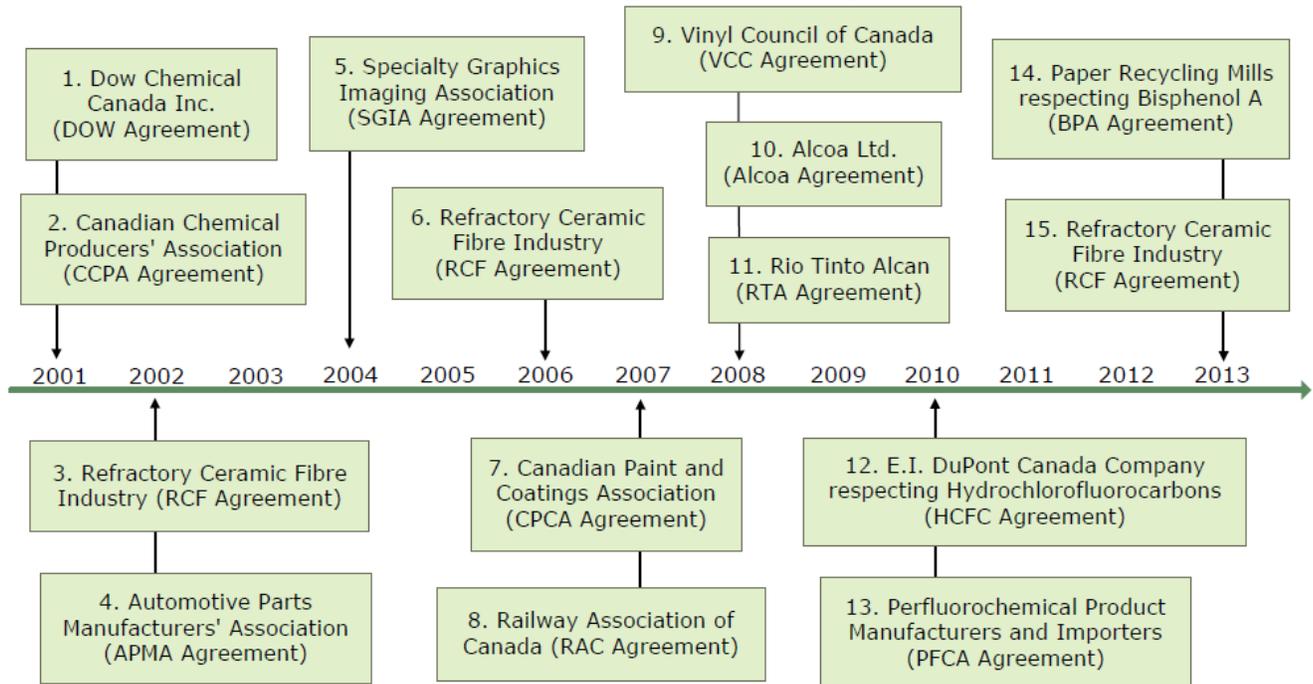
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Overview

Environmental performance agreements (“**performance agreements**”) are negotiated and signed between Environment Canada and industry, and sometimes other parties, to achieve specified environmental results. Important features of performance agreements include their transparency, consultation, verification, public reporting and accountability provisions.

Since 2001, Environment Canada has signed 15 performance agreements with industry participants (Figure 1). Currently, 5 agreements are in effect and 10 have been completed. Agreements may be negotiated and signed with individual companies, several companies or one or more industry associations on behalf of member companies. Environmental performance agreements have been used across a wide range of sectors, including chemicals, transportation, metals processing, consumer products, forestry and printing. Over 100 companies across Canada, with nearly 200 facilities, including small, medium and large enterprises, have participated in environmental performance agreements. Other signatories have included 7 different industry associations, 3 other federal government departments (Health Canada, Industry Canada and Transport Canada) and 2 provincial governments (Ontario and Alberta). A timeline with all of Environment Canada’s performance agreements is shown in Figure 1.

Figure 1: Environmental performance agreements signed since the Policy Framework for Environmental Performance Agreements was published in 2001:



Agreements as complementary risk management instruments

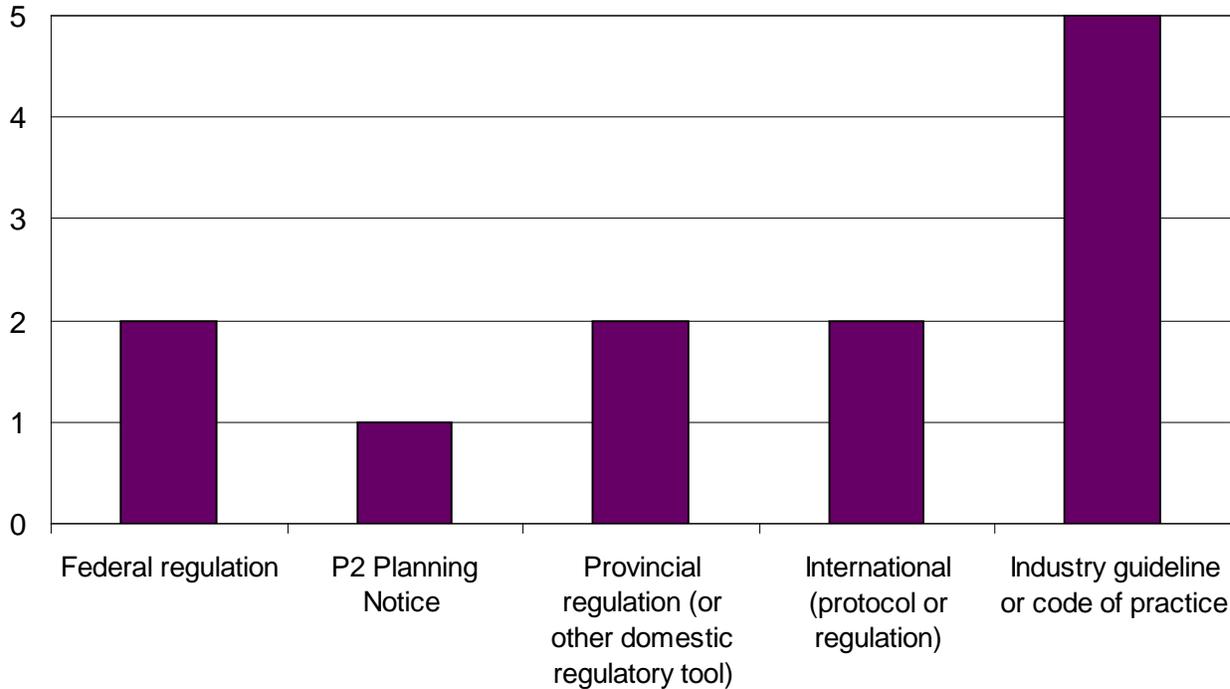
Performance agreements are one of several risk management instruments used to promote improvements in environmental performance. They are negotiated with willing and capable participants where an agreement offers the prospect of significant, measurable environmental results. The signatories of agreements may include parties from jurisdictions and organizations within and outside of Canada. Agreements may be developed as a single, stand alone instrument or in conjunction with other risk management instruments developed by the Government of Canada or by other jurisdictions or organizations. For example, the agreement with Dow Chemical Canada Inc. was used as a stand alone instrument with one company as it was the only manufacturer and major user of the chemical DCE. In most cases, performance agreements have been used to complement other risk management instruments such as codes of practice, guidelines, pollution prevention planning notices or regulations (Figure 2).

The monitoring, reporting, verification and transparency provisions of performance agreements have been used to complement codes of practice and guidelines with the Vinyl Council of Canada and the Refractory Ceramic Fibre Industry. The agreement with E.I. DuPont Canada acts as an interim measure until the *Ozone-depleting Substances Regulations, 1998* are revised to implement changes adopted under the Montreal Protocol on Substances that Deplete the Ozone Layer. The Canadian Paint and Coatings Association agreement also complemented federal regulations (*the 2-Butoxyethanol Regulations*).

One of the most recent agreements, the 2013 agreement with paper recycling mills respecting Bisphenol A (BPA) in effluents, complements a Pollution Prevention Planning Notice under the *Canadian Environmental Protection Act, 1999*. The P2 Planning Notice was put in place for users and manufacturers of BPA. The forestry sector does not manufacture BPA but recycles paper containing BPA. Since the sector proposed a performance agreement that met Environment Canada’s policy

requirements, paper recycling mills were exempted from the P2 Notice and are meeting the Department's risk management objectives under a performance agreement instead.

Figure 2: Number of agreements that complement other instruments (by type of other instrument)



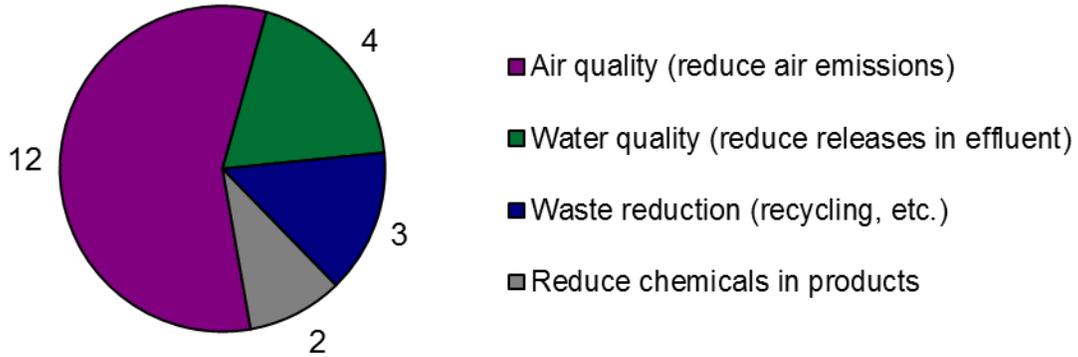
Note: The agreement with E.I. DuPont complements an international protocol and a federal regulation.

Agreement objectives and activities

Clear environmental objectives are essential for establishing performance expectations and monitoring results and progress under performance agreements. The majority of performance agreements have had objectives relating to improving air quality (12 out of 15 agreements), followed by water quality, waste reduction and reducing chemicals in products (Figure 3).

Note that four of the 15 agreements have focused on improving two or more environmental media.

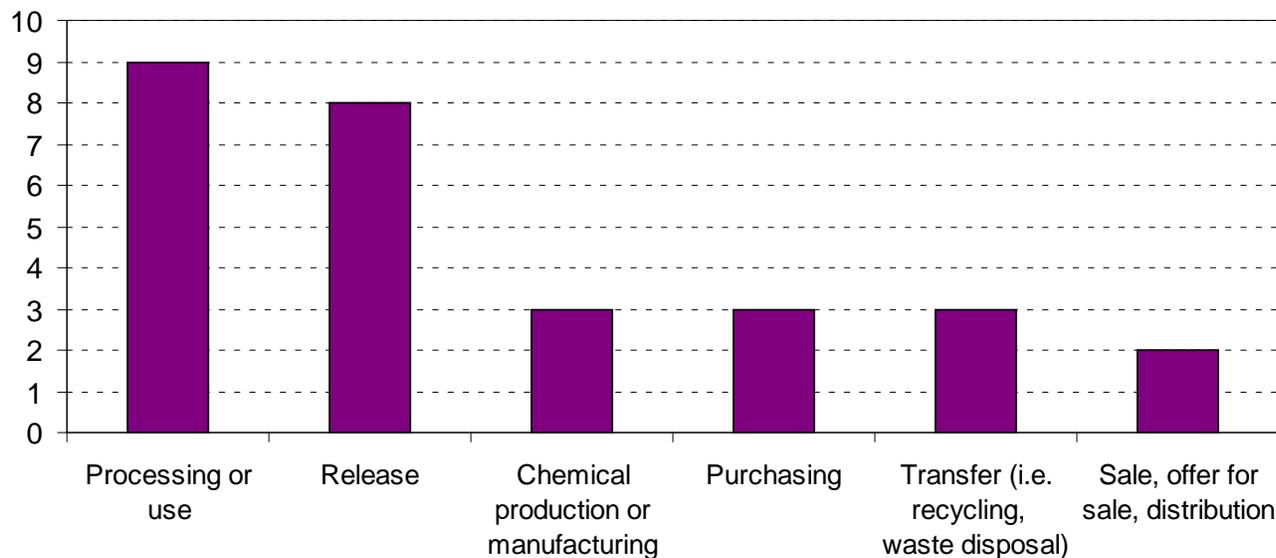
Figure 3: Number of agreements with objectives that target various types of environmental media



Agreements can have objectives that are quantitative, qualitative or both. Most agreements (12 of the 15) have quantitative objectives, such as a maximum limit on the release of a substance into the environment or a target to reduce the use or release of a substance from a baseline by a specified amount. Some agreements set qualitative objectives and targets, such as implementing activities within a code of practice, performing routine maintenance or restricting the sale or availability of a product by a certain date. In addition to objectives, agreements also include interim targets to be reached at different points throughout their implementation. For example the RTA agreement set increasingly stringent emission targets for 2008, 2012 and 2015.

Agreements can also address key types of activities, with the most frequent being companies' processing or use of chemicals, followed by the release of chemical substances (Figure 4). For example, agreements with the Canadian Paint and Coatings Association and with PFCA manufacturers and importers have focused on the manufacturing and restriction of sale of consumer products containing chemical substances. Some agreements, such as the agreement with the Specialty Graphics Imaging Association have encouraged other environmental initiatives, such as recycling and waste management. Agreements frequently require industry to prepare plans, implement programs or set limits on the release of substances into the environment.

Figure 4: Number of agreements that set objectives and targets relating to various types of activities



Reporting and Monitoring Information

Every agreement requires reporting of results to Environment Canada. Five of the 15 agreements (SGIA, APMA, RAC, CPCA and VCC agreements) have required the submission of reporting information to an industry association. For example, the VCC agreement required companies to submit their annual reports to the industry association, which in turn sent a consolidated report to Environment Canada on behalf of all of the facilities. Only information that is not available through other sources (e.g. National Pollutant Release Inventory, environmental monitoring or other sources) and that is essential to monitor performance is collected in performance agreements, in order to minimize the administrative burden.

Air quality (i.e. air emissions data or monitoring of chemicals in air) is the most common type of information monitored and reported to Environment Canada in performance agreements, followed by information about releases to water, implementation of management practices and concentrations of chemical substances including concentrations in consumer products (Figure 5).

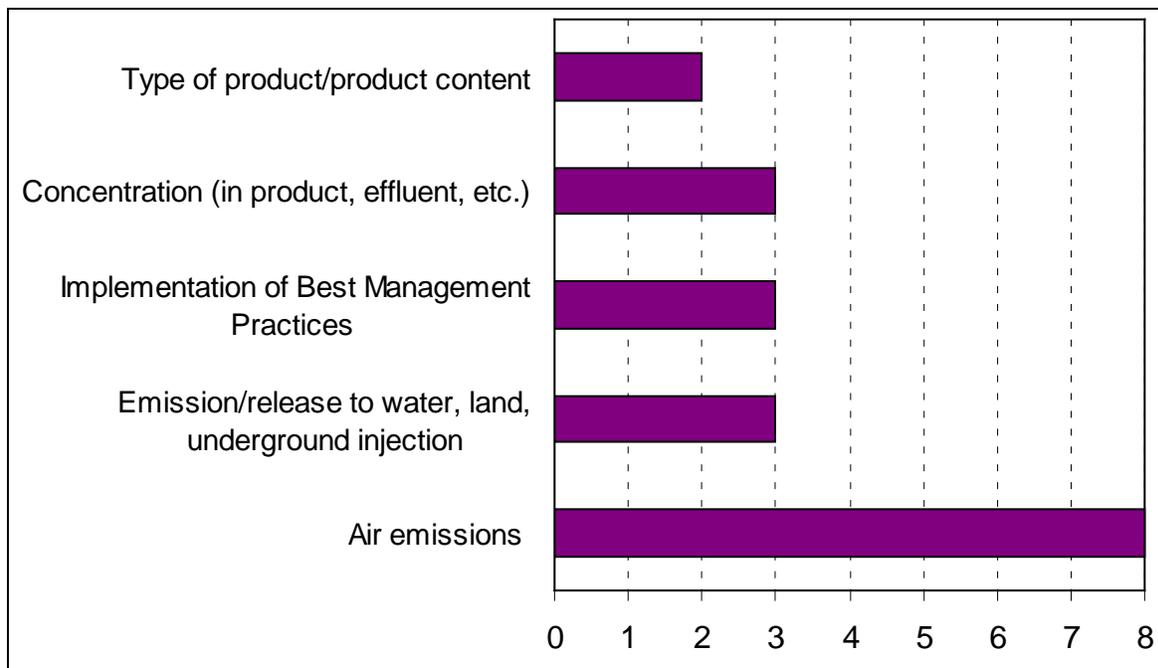
Other examples of information that can be monitored and reported include:

- Chemical production (quantity produced)
- Sale/offer for sale/purchase of substance or substance in a product
- Import/export of substance or substance in a product
- Amount of chemical(s) in product(s)
- Distribution (i.e. transportation or shipping) of substance (on its own or in a product)
- Release of a substance into wastewater
- Pollution control equipment
- Conversion to cleaner technology (e.g. changes in engine types)

Monitoring and reporting may be qualitative such as describing the implementation of activities, or quantitative such as the amount of chemicals that were produced or released to the environment.

Figure 5: Type of reporting information most commonly requested in Environmental Performance Agreements

Note: Some agreements request more than one type of reporting information.



Verification of results

Verification is a core design criteria for maintaining the effectiveness and credibility of performance agreements, and every performance agreement requires it. There are different levels of verification. Third party verifications are completed by independent auditors or verifying organizations. Second party verifications are typically completed by industry associations and Environment Canada or other signatories to an agreement who verify the performance of participating entities. First party verification is self verification, which is not adequate on its own for performance agreements. To date, 6 of 15 agreements have had third party verification (Dow, CCPA, APMA, Alcoa, RTA, RAC), 10 have had second party verification and 3 have had both.

Environment Canada reviews reports submitted by participants for completeness and accuracy. Communication with companies is sometimes also needed to clarify reported information and results. The results of verification, along with participant reports are analyzed in order to measure and assess the overall performance of each performance agreement to determine if it is achieving its intended objectives.

There are different kinds of verification activities including audits, site visits, inspections, interviews, communications and correspondence and desktop review. There are also different levels of disclosure of the results of verifications that balance the need to disclose information with the need to protect confidential business information. Environment Canada publishes verification results for each agreement on its website to support transparency. In addition, some agreements (e.g. SGIA, Alcoa, RTA) have included specific requirements for verification results to be published beyond Environment Canada's website, on industry or industry association websites.

More Information

Environment Canada publishes each agreement on its website along with an agreement status. Environment Canada updates the Web status reports following the annual reporting cycle of each agreement. For more information on the performance results of the agreements signed to date, please visit the [Performance Agreements](#) page.