

Your business and the environment

We are all concerned about the environment, but most of us prefer to believe it is someone else's problem. Such complacency can be costly.

As a minimum, you must find out how environmental legislation affects your business. At the same time, being environmentally aware can lead to cost savings and give your business a significant edge over your competitors.

This briefing explains:

- Why you should be concerned about environmental issues.
- How to decide what you need to do.
- The action you need to take to improve your performance.

1 Why should I bother?

1.1 In recent years, the volume of environmental **legislation** has mushroomed.

- Breaking the law can carry serious criminal and financial penalties, as well as generating bad publicity.
- Planning ahead to take account of new environmental standards can minimise the costs of modifying or replacing equipment and updating working practices.

1.2 Good environmental management can bring substantial cost **savings**.

- For example, in raw materials, waste disposal, energy and transport.

1.3 Increasingly, **customers** prefer to buy from environmentally responsible businesses.

- Many large companies are 'greening' their supply chain. Some will buy products only from suppliers that satisfy strict environmental criteria (see box, page 2).
- Many consumers will pay a premium for environmentally friendly products.

1.4 Business partners are increasingly looking at companies' environmental profiles.

- Banks, insurers and other sources of finance may avoid businesses that do not take environmental matters seriously and expose themselves to unacceptable risk.

Directors' Briefing

a book in four pages

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If you need further information or help, ask the distributor of this briefing about the services available to you.

1.5 It is easier to recruit **employees**.

- Many are better motivated when working for an environmentally responsible employer.

1.6 Failure to act in an environmentally responsible way can bring you into conflict with **other people** — for example, the local community and pressure groups.

2 Environmental review

An environmental review establishes which issues affect your business. You can carry out the review yourself, ask your local business support organisation, university or college for help (often available free) or use an external adviser (see **3.3**).

The review should cover five areas.

2.1 What **environmental impact** does your business have and how do you manage it? Can it be managed more effectively?

Key areas to consider include:

- The raw materials you use and the products you make (see **4**).
- The waste you produce (see **5**).
- The energy you use (see **6**).
- Any discharges or emissions from your business (see **7**).
- Storage and movement of materials.
- How any previous incidents were handled.
- The environmentally responsible credentials of your business investments and pensions.

Threat to small firms

The sharp increase in environmental legislation over the past few years means that businesses that ignore the issues are more likely to face prosecution.

But prosecution is not the only threat. As awareness of the issues increases, environmental compliance is being passed down the supply chain. Larger companies are now more likely to insist that suppliers demonstrate environmental compliance and good practice, such as the implementation of ISO 14001.

A supplier without a recognised environmental management system may be removed from the preferred supplier list and may suffer serious loss of business as a result.

Even small office-based businesses will have an environmental impact — for example, the paper and toner they use, their electricity and heating, and transport.

2.2 What environmental **risks** does your business pose?

- What environmental damage could be caused if there was an accident?
- How likely is an accident?
- Are you located in an environmentally sensitive area (eg by a river)?
- Do you offer advice, or manage contracts, that could result in a third party causing environmental damage?

The COMAH regulations (Control of Major Accidents and Hazards), provide guidelines to help when preparing your risk assessment (www.hse.gov.uk/comah).

2.3 What environmental standards and **regulations** apply to your business, now (see **3**) and in the future?

- What policies and legislation are being developed by the Government that might affect your products, supplies or operation?

2.4 What do **customers**, employees, suppliers and others expect of your business?

- Sending out questionnaires can raise expectations, so informal consultations may be more appropriate.

2.5 Does your **insurance policy** cover environmental risks?

Once you have completed the review, draw up an action plan for dealing with any shortcomings in your existing systems. Include a timetable of when action should be taken and state who is responsible for ensuring that your targets for improvement are reached.

3 Environmental legislation

Although environmental legislation is complex, finding out what you need to know is not.

3.1 The fundamental rule is that businesses can be held responsible for any environmental **damage** they cause.

- There can be serious financial consequences for your business. Fines of £5,000 or more are not uncommon and you could receive a prison sentence.

► The University of Sheffield runs a 'Green Business Club' (01142 018 943; www.sygbc.co.uk). They produce a DIY environmental risk profile for members (£90).

3.2 The extent of legislation affecting your company depends on your **type of business**. For example:

- In general, there are less environmental regulations for office-based businesses.
- Manufacturers must show that they have identified major accident hazards to the environment and have taken steps to prevent them and limit any consequences.
- Businesses that have a more direct impact on the environment (eg agriculture, transport, chemicals, construction, manufacturing) are more heavily regulated.

3.3 Several organisations can provide **advice** on the detailed legislation that affects you.

- The local branch of the Environment Agency, your local authority, your trade association and other sources may be able to provide informed help (see **8**).
- Environmental consultants and solicitors can explain the law to you.

Many of these organisations can also help with your environmental review.

4 Product management

Environmentally responsible products and production processes offer marketing benefits.

4.1 Design products and processes to reduce the use of **resources**.

- It is often cheaper to buy less material than to waste and dispose of it.

4.2 Design products for **re-use**.

- Make products that can be reused, repaired and easily recycled.

4.3 Use recycled and recyclable **packaging**.

- Businesses with an annual turnover of £2 million or more that handle more than 50 tonnes of packaging per year are legally required to 'recover' and recycle a percentage of their packaging waste. Ask for advice (see **8**).

4.4 Use environmentally responsible **materials**.

- Avoid using scarce natural resources.
- Avoid buying supplies with excessive packaging.
- Avoid use of hazardous substances and comply with legal restrictions.

- Avoid materials that produce toxic by-products when processed.

4.5 Use environmentally responsible **production** methods and machinery.

- For example, new refrigerators do not use the ozone-damaging CFC coolant and they use less electricity.
- There are tax incentives in the form of capital allowances for energy saving and environmentally beneficial equipment. Loss making businesses can surrender losses attributable to expenditure on such equipment in exchange for tax credit from the Government. Visit www.eca.gov.uk for more information.
- If you plan to replace existing equipment, such as lighting, boilers or insulation, with a more energy-efficient version you may be able to obtain an interest-free loan of between £5,000 and £100,000 to fund it. Visit www.thecarbontrust.co.uk for details.

4.6 Use appropriate **labelling**.

- Inform customers how your products and production processes take account of the environment and how to recycle or dispose of products properly.

5 Waste management

You have a legal responsibility to ensure that your waste is handled properly.

5.1 The best form of waste management is waste **minimisation**.

- The costs of waste disposal have increased significantly over the past few years and this trend will continue.
- Explore opportunities for elimination, reduction, re-use, recycling and recovery before disposal.

5.2 You must **store** waste safely and securely.

- Store waste in suitable containers which are clearly labelled and ensure waste cannot escape.
- Store normal and hazardous waste separately. For example, fluorescent tubes are hazardous waste and should not go in the normal bin.

5.3 You must ensure that the person collecting and **disposing** of your waste does so properly.

► Waste Watch (020 7089 2100; www.wastewatch.org.uk) provides advice and free publications on waste reduction and recycling.

Envirowise (0800 585794; www.envirowise.gov.uk) also provides a range of free guidance to help companies minimise their waste.

- Check that your collector has a licence from the Environment Agency to collect or transport waste.
- Make sure the carrier disposes of your waste at a site that is licensed to accept the type of waste your business generates.
- Fill in and sign the relevant transfer or consignment notes and keep a copy for a minimum of three years.

5.4 If your business is involved in producing or selling **electrical and electronic equipment** you have to comply with the Waste Electrical and Electronic Equipment (WEEE) Directive.

Visit www.envirowise.gov.uk for more details.

6 Energy efficiency

Energy costs, in an office environment, can be reduced significantly by adopting good housekeeping measures.

6.1 Encourage your **employees** to save energy.

- Switch off lights and appliances when they are not in use.
- Reduce expenditure on heating by closing all doors and windows, and investing in adequate draught-proofing and insulation.
- Ensure that thermostat systems are seasonally adjusted and working correctly.

6.2 It may be worth investing in new, more efficient **equipment** (see 4.5).

- The short-term costs can be outweighed by the long-term benefits.

6.3 If your present energy consumption is causing concern, consider an '**energy audit**' which can help identify the most effective uses of energy in your business. The Government's Environment & Energy Helpline (see 8.1) can provide free advice on energy audits and other methods to reduce your energy bills.

7 Discharges and emissions

7.1 Discharges of effluent are strictly controlled.

- Ordinary domestic effluent (ie water) can be discharged into ordinary sewerage drainage (unless you discharge excessive amounts).

- You must have consent from the local water company before discharging anything else into a public sewer.
- Accidental or careless discharges are your responsibility. You may be prosecuted even if it is not your fault. For example, if your oil tank leaks or a contractor spills chemicals or fuel onto land.

7.2 You may require authorisations for any **emissions** into the air from your business.

- You will have to comply with the terms and conditions of the authorisations.
- Unauthorised emissions may lead to prosecution.
- If you are in any doubt, check with the local authority and the local branch of the Environment Agency.

7.3 Take into account the effect of your business on **local people**.

- This can include not only discharges and emissions, but also noise, litter, dust, smells and so on.
- Transport to and from your business can be a concern (eg lorry noise and fumes).
- Local authorities have powers to protect people from nuisance caused by businesses.
- Assess the potential environmental impact before carrying out any large projects.

8 Help is at hand

8.1 The **Carbon Trust** offers free advice on how to save energy and reduce emissions (0800 085 2005 or www.thecarbontrust.co.uk).

8.2 Envirowise provides free expert advice and information on how to save money by reducing waste (0800 585794 or www.envirowise.gov.uk).

8.3 Local branches of the **Environment Agency** (08708 506506 or www.environment-agency.gov.uk), and the **environmental health departments** of local authorities or other organisations, such as the Health & Safety Executive, can assist small businesses – often for free.

- You can find free guidance on different environmental topics at the NetRegs website (www.netregs.gov.uk).

8.5 The **British Library Environment Information Service** (020 7412 7450) offers quick access to information.

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