



# Green Tier Environmental Management Systems & Functional Equivalency



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*Environmental Management Systems (EMS) are the foundation of Green Tier participation. Participants are expected to utilize an EMS that is either ISO 14001 certified or an EMS that has been determined as “functionally equivalent” under Green Tier law. If an applicant has an ISO 14001 certified EMS, conformance to this requirement can be demonstrated by providing an ISO 14001 certificate of registration issued by a certification body that has been accredited by an International Accreditation Forum (IAF) member.*

## Green Tier & Environmental Management Systems

An Environmental Management System (EMS) is required for both Tier 1 and Tier 2 participants. At the **Tier 1** level, state law requires that participants have an ISO 14001 certified EMS or a functionally equivalent EMS in place by the end of the first year of participation. **Tier 2** participants are required to have an ISO 14001 certified EMS or a functionally equivalent EMS in place at the time the application is submitted.

## Understanding Environmental Management Systems

An EMS is a set of methods and practices for managing an organization’s environmental performance and impacts. It includes regulatory obligations and goes beyond looking at regulated behavior to consider all aspects of business operations that touch the environment. An effective EMS can help:

- Find opportunities for operational and production efficiencies (e.g. reduce energy usage),
- Reduce administrative overhead for compliance issues,
- Develop innovative ways to improve products, address employee expectations and improve relationships with the community, existing clients and prospective customers.

An environmental management system is not the same as a compliance management system. A compliance management system identifies regulatory responsibilities and determines what must be done to meet them.

An environmental management system provides a structured approach for meeting obligations *and* ensuring continuous improvement through a “Plan-Do-Check-Act” circular process. This is done by deliberately and systematically identifying environmental opportunities and the steps needed to improve environmental performance.



**Plan:** Establish an environmental policy, identify environmental aspects, set and prioritize goals.

**Do:** Set procedures to engage employees, make progress on goals, and implement the EMS.

**Check:** Measure and record progress towards established goals.

**Act:** Review the system at regularly, set or modify goals to ensure continual improvement.

Developing a system to manage environmental performance requires considerable effort on the part of the participant and should be done if an organization believes it to be the right business decision. Instead of simply following mandated procedures, an effective EMS can lead to innovative approaches to managing risk and help an entity move beyond compliance. Green Tier adds value to organizations with an EMS but should not be the reason for implementing an EMS. When developing an EMS, an entity should consider: environmental direction, culture, environmental and community impacts, efficiency, cost savings, risk management, and stakeholder interests.



## Brief Overview of EMS Development

### Plan – Do – Check – Act

**Set environmental policy:** An organization must commit to an environmental policy, or direction. This includes goals, intentions and beliefs and generally is developed by upper management.

**Identify environmental aspects:** An organization must identify its environmental aspects – or all the places where operations “touch” the environment. This means understanding all the ways an organization affects the environment. Inputs, production processes, travel, office operations, and all outputs that leave the facility (product, packaging, air, water, waste, etc.) must be identified and ranked (prioritized).

**Prioritize the aspects:** Factors that could be used in making prioritization decisions include: presence of regulations, potential cost savings, cost of implementation, ease of implementation, interest of stakeholders, potential risk reduction, and potential for market differentiation.

**Set objectives for aspects:** To accomplish the objectives, an environmental plan is developed. This plan will provide specific steps that must be taken, how they will be addressed, and who will be responsible. Outline changes that will be made in training plans, work instructions and daily activities.

**Implement the EMS:** This involves communicating responsibilities, setting up and conducting employee training, developing operational control procedures and an emergency action plan, implementing document controls, and documenting actions that are taken.

**Evaluate:** Establish procedures for checking performance. These must explain how to audit the system and to assess performance and environmental impact. Create records to identify what was done, how it was done, and the impact of doing it. Establish a system for addressing nonconformities and opportunities for improvement.

**Management review:** This process allows upper management the opportunity to assess the EMS in terms of effectiveness for accomplishing the objectives. Additionally, new goals are identified, and adjustments are made to the environmental plan, causing the EMS to be a living system that continually improves operational efficiency as well as environmental performance.

### The 15 Elements of a Functionally Equivalent EMS

Wis.Stats. §299.83(1)(dg)

1. Adoption of an environmental policy that includes a commitment to compliance with environmental requirements, pollution prevention, and continual improvement in environmental performance and that is available to the public.
2. An analysis of the environmental aspects and impacts of an entity's activities.
3. Establishment and implementation of plans and procedures to achieve compliance with environmental requirements and to maintain that compliance.
4. Identification of all environmental requirements applicable to the entity.
5. A process for setting environmental objectives and developing appropriate action plans to meet the objectives.
- 5m. Establishment, implementation, and maintenance of resources, roles, and responsibilities for establishing, implementing, maintaining, and improving the environmental management system.
6. Establishment of a structure for operational control and responsibility for environmental performance.
7. Establishment, implementation, and maintenance of an employee training program to develop awareness of and competence to manage environmental issues.
8. A plan for taking actions to prevent environmental problems and for taking emergency response and corrective actions when environmental problems occur.
9. A communication plan for collaboration with employees, the public, and the department on the design of projects and activities to achieve continuous improvement in environmental performance.
10. Procedures for control of documents and for keeping records related to environmental performance.
- 10g. Establishment, implementation, and maintenance of procedures to monitor and measure, on a regular basis, key characteristics of an entity's operations that can have a significant environmental impact.
- 10r. Establishment, implementation and maintenance of procedures for periodically evaluating compliance with applicable environmental requirements.
11. Environmental management system audits.
12. A plan for continually improving environmental performance and provision for senior management review of the plan.



## Proving Functional Equivalency

It is important to understand that to show functional equivalence, a Green Tier participant must demonstrate **equivalence**, meaning that all 15 components of a FE EMS noted on page 2 of this document are present, **and functional**, meaning that each element of the system is actually being implemented. For instance, an audit procedure must exist (the equivalence piece), and the EMS must have been audited (the functional piece). It is worth noting that the scope of an EMS should match with the environmental impacts associated with the activities of a participant.

### Tier 1

If a Tier 1 applicant has an EMS in place that is not an ISO 14001 EMS, it shall document that its EMS is functionally equivalent under either Option A or B below. If the applicant does not have an EMS in place, or the EMS is determined not to be functionally equivalent, it *must* implement an EMS *within one year* from the date of entry into Green Tier. A functionally equivalent EMS must be documented under option A or B below.

### Tier 2

If a Tier 2 applicant has an EMS in place that is not an ISO 14001 EMS, it shall document that its EMS is functionally equivalent under either Option A or B below.

- To demonstrate a **functionally equivalent EMS**, an applicant shall **complete one** of the following options.

#### Option A

The applicant/participant shall provide evidence to a DNR approved outside environmental auditor that their EMS conforms to the 15 elements identified under Wis.Stats. §299.83(1)(dg). The auditor should evaluate the functional equivalency of the EMS and submit to the applicant a declaration that they have examined the evidence provided by the applicant/participant and that the EMS has procedures that satisfy each of the 15 elements, and that the procedures for each of the 15 elements are indeed being implemented. The documentation supplied by the auditor under this option should form the basis for a declaration from senior management to the DNR. This declaration shall include the following, "I have submitted evidence of our EMS to a DNR approved outside environmental auditor and a review was performed. We have received a report documenting that the EMS information that we have developed conforms to each of the 15 elements in Wis.Stats. §299.83(1)(dg) as a functionally equivalent environmental management system."

#### Option B

The applicant/participant provides documentation that the elements in its EMS satisfy each of the 15 elements identified under Wis.Stats. §299.83(1)(dg) (see box). The applicant/participant documents both equivalency and functionality and has the responsibility for supplying evidence that demonstrates conformance to each requirement. All documentation supplied under this option will be a matter of public record. The documentation is to be accompanied by a declaration from the senior manager who signed the Green Tier application. This declaration shall include the following, "I have reviewed the information provided. I find that the information provided conforms to each of the 15 requirements in Wis.Stats. §299.83(1)(dg) as a functionally equivalent environmental management system."

Upon receipt of a certification of functional equivalency for either a Tier 1 or Tier 2 application, DNR will review the certification and determine whether the environmental management system meets the criteria for a functionally equivalent environmental management system.



## EMS Audits and DNR Approved Auditors

EMS audits are an integral part of the Plan-Do-Check-Act process. Green Tier participants are required to have their system audited each year by an auditor who is independent of the facility or activity being audited.

**Tier 1** participants are encouraged to have their first EMS audit completed by a DNR-Approved Outside Environmental Auditor. Every third year, Tier 1 participants must have their EMS audited by a DNR-Approved Outside Environmental Auditor. For the years in-between, Tier 1 participants may have their EMS audited by an experienced EMS auditor who is independent from the facility or activity being audited.

**Tier 2** participants must have their EMS audited by a DNR-Approved Outside Environmental Auditor each year.

EMS auditors who are approved by DNR have demonstrated full understanding of environmental management systems in addition to functional equivalency and other Green Tier requirements. Please include the date of your audit, name of auditor, and the auditor's company in your Green Tier annual reports.

A list of DNR-Approved Auditors can be found at: <https://dnr.wi.gov/topic/GreenTier/Auditors.html>.

## Functionally Equivalent EMS Crosswalk

To see how a functionally equivalent EMS under Green Tier relates to key ISO 14001 elements, please see Publication CO-511, the [Functionally Equivalent EMS Crosswalk to ISO 14001](#)

This document can help guide you to implement a successful functionally equivalent EMS. The document can also be used in determining an EMS as functionally equivalent, or in auditing a Green Tier participant with a functionally equivalent EMS.

## Beyond the Environmental Management System

Green Tier participants, whether they choose to implement a FE EMS or an ISO certified EMS, gain additional benefits and have some additional commitments. For information on benefits, annual reporting, auditing frequency and more, please see the Green Tier website: [greentier.wi.gov](http://greentier.wi.gov).

## Additional Information

More information and outside resources on environmental management systems can be found on the Green Tier Environmental Management Systems webpage: <https://dnr.wi.gov/topic/GreenTier/EMS.html>.

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**For more information please contact Green Tier**

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