



# Healthy Business Strategies for Transforming the Toxic Chemical Economy



**CLEAN  
PRODUCTION  
ACTION**



HEALTHY BUSINESS STRATEGIES FOR TRANSFORMING THE  
**Toxic Chemical Economy**

**A  
Clean Production Action  
Report**

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**CLEAN  
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## Clean Production Action

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Clean Production Action promotes the use of products that are safer and cleaner across their life cycle for consumers, workers and communities. Our mission is to advance Clean Production which we define as the design of products and manufacturing processes in harmony with natural ecological cycles, the elimination of toxic waste and inputs and the use of renewable energy and materials.

### Pure Strategies, Inc.

#### Tim Greiner, Bob Kerr

Pure Strategies helps companies improve their environmental and social performance using clean production tools, sustainable materials, strong community relationships and transparent measures of progress.

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### Kaiser Permanente: Healthy Patients, Workers and Communities

#### The Commitment

*Just as we have responsibility for providing quality patient care, just as we have responsibility for keeping our facilities and technology up to date, we have a responsibility for providing leadership in the area of the environment. The stakes are extraordinarily high. We have to keep folding these questions and these considerations back into our leadership. We have to incorporate them into our incentives, into what it is we're held accountable to do, how we measure our impact.*

*David Lawrence, former CEO,  
Kaiser Permanente, October 16, 2000,  
San Francisco, "Setting Healthcare's  
Environmental Agenda" Conference*

**E**nvironmental activism emerged within Kaiser Permanente four decades ago when the organization invited Rachel Carson to deliver the keynote address to a large symposium of physicians and scientists. Today the 8.5 million member organization with 145,000 employees and \$31B in annual revenues has become a national environmental leader in the health care sector. Driving Kaiser Permanente to invest in the environment is the recognition that the health of its members is affected by the health of the communities they live in.

The depth of the organization's commitment is defined in Kaiser Permanente's Environmental Stewardship Vision:

**We aspire to provide health care services in a manner that protects and enhances the environment and the health of communities now and for future generations.**



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#### KAISER PERMANENTE

Kaiser Permanente is the nation's largest nonprofit health plan with 8.5 million members.

- Founded in 1945 by Sidney R. Garfield and Henry J. Kaiser
- Headquartered in Oakland, California with operations in nine states and Washington, D.C.
- 145,000 employees in the U.S. including 12,000 physicians
- \$31.1 billion annual revenue
- Operates 431 medical office buildings and 37 medical centers





By integrating its Environmental Stewardship Vision into purchasing decisions, Kaiser Permanente is preventing problems and creating safer and healthier environments for employees, patients, and the community. For example, when Kaiser Permanente selects hard surface flooring that does not require stripping and finishing, it lessens workers' exposure to hazardous chemicals, eliminates potential exposure of patients and improves the environment by eliminating the use of hazardous chemicals.

**The Process: Purchasing Specifications and Partnerships**

Like the health care sector it is part of, Kaiser Permanente is a major consumer of medical equipment and supplies as well as building materials, interior furnishings, office supplies and food. In 2003, the U.S health care sector

alone purchased \$20 billion worth of durable medical equipment, \$33 billion worth of non-durable medical equipment and invested \$24 billion in buildings and their interiors.

In the mid-1990s Kaiser Permanente began incorporating environ-

mentally preferable purchasing specifications into contracts for medical, chemical and building products. Mercury-free thermometers, PVC-free medical and building products, latex-free examination gloves, greener cleaners and recyclable solvents are among the many product changes implemented over the past ten years. The power of large scale purchasing to drive changes in the market is demonstrated in the case of how Kaiser Permanente catalyzed innovation in the carpet sector.

In 1993, Kaiser Permanente first signed a National Purchasing Agreement (NPA) for broadloom carpets and PVC-backed carpet. During the NPA selection process the company negotiates directly with manufacturers of a product to be purchased — in this case, carpet manufacturers — and develops a partnership with the eventual supplier. Finalizing an NPA can take up to nine months as Kaiser Permanente and the vendors work through the evaluation and bidding processes. The three main parts of the evaluation criteria concern quality, cost and partnering. "Quality" entails identifying products that meet the demanding needs of hospitals, which operate 24/7. "Cost" covers the cost of the product over its life, including maintenance and longevity, as well as the price of the product. And environmental issues come under "partnering," which also includes financial strength, corporate structure and ability to manage national accounts.

When Kaiser Permanente revisited its NPA for carpets in 2001, the first step involved a two-year assessment of carpet conditions and cleaning methods in all of its facilities. From this assessment, Kaiser Permanente decided to eliminate the purchase of broadloom carpets because of higher maintenance costs and problems with carpets wearing out.

With the carpet assessment finalized, Kaiser Permanente set out in the summer of 2002, with support from the Healthy Building Network, to find a high performance, environmentally preferable carpet for the millions of square feet in new construction it is planning for the next decade. To evaluate whether a carpet is indeed environmentally preferable, Kaiser Permanente asked leading manufacturers detailed questions about the impacts of their products from "cradle to grave." For "product content," Kaiser Permanente

***"Kaiser Permanente is seeking to develop long-term partnerships with companies that are committed to developing the products we need. We want to collaborate with manufacturers to create products that have the design features we want at affordable prices."***

— Tom Cooper,  
Kaiser Permanente's Standards,  
Planning and Design

evaluated the carpets for PVC content, other persistent bioaccumulative toxics (PBTs), carcinogens and post-consumer recycled content. For “sustainable manufacturing practices” Kaiser Permanente assessed the progress carpet manufacturing facilities are making in minimizing waste, water use, non-renewable energy and air emissions. For the “use” stage, they examined whether the carpets posed problems to indoor air quality, including off-gassing volatile organic compounds — that new carpet smell. And for the “end-of-life” stage, carpets were evaluated on whether they can be closed loop recycled (carpet to carpet) or down-cycled (carpet to other products of lower value).

This scale of investment in evaluating the environmental performance of products sets Kaiser Permanente apart from its peers. At first, it even intimidated carpet manufacturers who have been leaders in incorporating environmental concerns into their products. As Kathy Gerwig, Vice President Workplace Safety at Kaiser Permanente recalled, “Manufacturers were unprepared and in some cases resented answering questions about the materials in their product. One president even said, ‘I don’t know if I want to do business with you.’”

### **The Decision: Catalyze Innovation**

After evaluating the products and the company responses, no carpet emerged that was both PVC-free and met Kaiser Permanente’s demanding performance specifications. The ideal product, it turned out, did not yet exist.

Lacking the ideal product, Kaiser Permanente added an innovation question to evaluate the interest, commitment and capacity of suppliers to develop a new product that met its needs. “Kaiser Permanente,” Tom Cooper of Kaiser Permanente’s Standards, Planning,





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and Design team emphasized, “is seeking to develop long-term partnerships with companies that are committed to developing the

products we need. We want to collaborate with manufacturers to create products that have the design features Kaiser Permanente wants at affordable prices. Partnering is about dialogue, finding shared interests, and moving forward with better products.”



With the goal of creating a new product, Kaiser Permanente chose two vendors on the understanding, specified in a contract, that they would develop a PVC-free product with the necessary perfor-

mance characteristics at the same cost as existing products within two years. The contract required each firm to submit quarterly reports, including indicators of progress towards PVC-free backing. One of the firms ran into difficulties, fell behind schedule, and stopped communicating with Kaiser Permanente. The other firm, Collins & Aikman (C&A), based in Dalton, GA met the challenge.

“In direct response to our request, C&A developed a new durable, low emission, PVC-free carpet with backing made primarily from post-consumer recycled plastic,” said Tom Cooper. The achievement earned C&A a sole source contract with Kaiser Permanente. In responding to Kaiser Permanente’s challenge to develop a PVC-free carpet that can meet exacting environmental and performance standards, C&A created a new carpet line for the firm and for other health care and institutional uses. The C&A trademarked “ethos” carpet is made with a PVB (polyvinyl butyral)

backing, a chlorine-free material that is recovered from PVB laminate in automobile safety glass. The C&A carpet backing is made from over 75 percent post-consumer recycled product, which can be recycled into more carpet backing at the eventual end of its life.

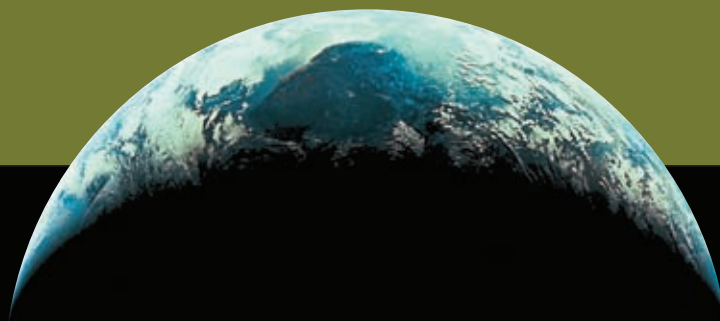
The combination of mission, capacity to evaluate products, willingness to partner with suppliers, commitment to reducing PVC use and market size of Kaiser Permanente led C&A to design a new carpet product.

### **Continuous Improvement: Creating Comprehensive Environmental Purchasing and Chemicals Policy Programs**

While every product Kaiser Permanente uses does not receive the same scrutiny as its carpets, Kaiser Permanente’s National Environmental Purchasing Policy states the organization’s preference for less toxic and easily recycled products. Specifically, Kaiser Permanente’s Environmental Purchasing Policy prefers products that do not contain mercury, latex, PVC, phthalates, PBTs, halogenated flame retardants, bisphenol-A, carcinogens or reproductive toxicants.

Recognizing the limits to the chemical-by-chemical approach, Kaiser Permanente is working with Health Care Without Harm, an international coalition of health advocates representing 52 countries, to develop a comprehensive chemicals policy that requires suppliers to know the chemicals used in their products and the hazards they pose. “Rather than continuing to take an approach that is problem-focused (for example, eliminating mercury or PVC), we want our work to be solution-focused,” emphasized Lynn Garske, Kaiser Permanente’s Environmental Stewardship Manager. “Our aspiration is to provide health care services in a manner that enhances the environment and communities now and for future generations.”





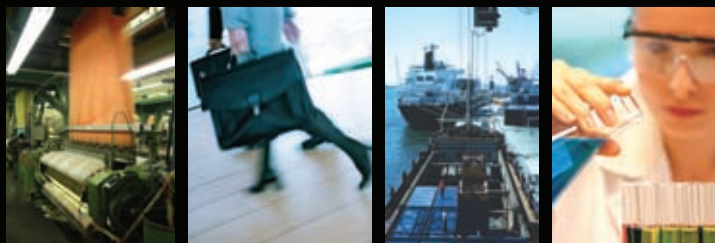
## Healthy Business Strategies for Transforming the Toxic Chemical Economy

Business leaders are creating value by embedding concerns for human health and the environment into their products. Healthy business strategies differentiate a company's brand from its competitors — lowering costs, enhancing consumer and employee loyalty and increasing market share by creating healthier products for people and nature. For these leading companies, using environmentally preferred chemicals and materials is a core value, not a secondary assignment relegated to the periphery of the company.

This report profiles six companies that are crafting healthy strategies for using chemicals and materials in their products. While their individual actions to address toxic chemicals vary, their best practices, when gathered together define the terrain of healthy chemical strategies:

- Identify all chemicals in products.
- Eliminate high hazardous chemicals.
- Strive to use only green chemicals.
- Commit to product re-design.
- Take responsibility for products from cradle-to-cradle.
- Adopt internal chemical policies, including the precautionary principle.
- Work collaboratively with environmental advocates.
- Publicly support government reform of chemical policies.

These strategies exemplify the approaches companies must take if they are serious about creating a healthy chemical economy.



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