

Tiered Standards and Market Transformation

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Sustainability and environmental performance certifications often establish a binary structure – products either meet the system's requirements or do not. In recent years, however, tiered systems, which set baseline requirements but reward higher levels of performance, have had significant success in driving competition and rewarding environmental innovation in a number of sectors. This presentation will look in depth at one such standard, the EPEAT® environmental rating system for electronics, and the role that tiered ratings have played in its success.

Launched in 2006 as a largely North American focused system with 60 products from 3 manufacturers and no products qualifying for top tier (Gold) registration, the EPEAT system (www.epeat.net) has become the definitive global ratings system for personal computer products, covering 41 countries with over 3000 unique products registered by 50 manufacturers of all sizes. The rating system is progressive, with rankings based on a combination of a required set of product and service criteria and numerous optional criteria.

The tiered structure of the IEEE 1680 standard framework that underlies EPEAT enables several key advances over a binary rating system:

In standard setting, it allows inclusion of attributes that very few if any products can currently meet as optional criteria – placeholders for the future that indicate desired direction

It allows participating manufacturers flexibility in deciding which criteria or types of criteria they meet, and this in turn allows for development of multiple approaches to environmental improvement

It establishes competition for higher ratings – simply entering at the baseline level is likely to be insufficient in many markets to win a manufacturer advantage over his/her competitors

It enables smaller less technically sophisticated manufacturers to attain compliance at the baseline, and thus improves the environmental performance of small business while maintaining desired local, regional or small business supplier options for purchasers

It allows purchasers to select a performance level that offers multiple registrations and suppliers in a specific market, and also to push suppliers to higher performance over time by requiring qualification at higher ratings tiers in successive bid tenders

Because it includes “stretch criteria” and because products can change status by meeting new criteria, the standard remains relevant and continues to spur innovation for a longer time than a binary standard can

All in all, these advances mean that a tiered standard can more successfully promote innovation and performance improvement consistent with the rapid pace of technology development and the cycle of market transformation, than can a binary standard that sets static goal posts identifying a steady state presumed to be ‘best’.

The purpose of this presentation will be to spark discussion of the tiered standard model, where it may and may not be applicable, how tiering can be used strategically by standards developers and certification

schemes, and considerations purchasers need to keep in mind to best leverage tiered standards to encourage suppliers along a continuum of product and service redesign.