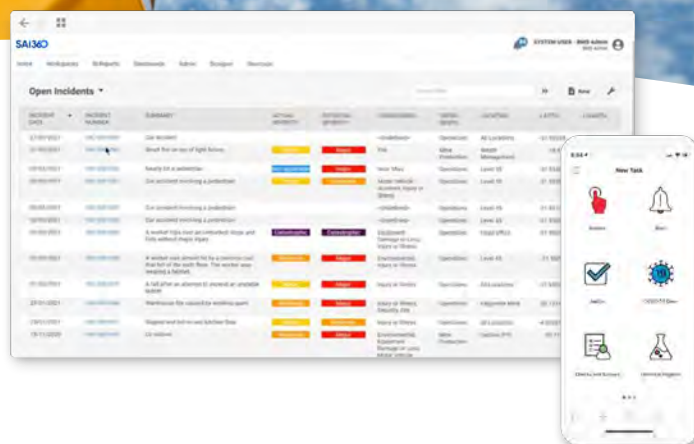




WHITEPAPER



# Beyond Compliance: A Roadmap for Enhancing EHS Management

## SUMMARY

Consistent compliance with Environment, Health and Safety regulations is a goal all companies must be able to achieve to ensure business success. Most EHS managers know that compliance is the bare minimum and that the most effective programs use a risk-based approach to drive EHS excellence. However, the process of moving from a purely compliance-based approach and mindset to a risk-based approach remains a challenge.



As companies begin to stabilize after more than a year of Covid-related disruptions, now is the time to focus on taking EHS management beyond simple compliance. This guide will cover essential considerations, barriers and practical approaches to EHS Risk Management. It also covers how companies can leverage an integrated EHS Management software and mobile app to reduce risk and improve EHS outcomes.

## PROS AND CONS OF CERTIFICATION-BASED COMPLIANCE

Companies across the globe understand that there is always a need to continually maintain a robust compliance program. When even the bare minimum of managing EHS goes wrong or simply doesn't happen, the consequences for businesses and economies can be severe.

- Work-related injuries and deaths total 3.94 percent of global GDP each year, or \$3.3 trillion, according to the International Labour Organization.
- According to the ILO, roughly 370 million occupational accidents are reported annually.
- The ILO estimates that more than 6,000 deaths occur every day worldwide from work-related incidents.
- Companies lose 12.3 days per employee every year to occupational hazards.

To avoid such consequences, companies turn to management systems to streamline compliance and focus intensively on achieving certification. Pursuing compliance through ISO and other certifications benefits companies by allowing them to:

- Identify risk and opportunities
- Prevent known problems from recurring
- Operate with greater efficiency and less waste
- Improve internal communications
- Take greater control over the organization
- Remain competitive

However, focusing solely on achieving and maintaining certification has its drawbacks. If your management system is allowing you to do the bare minimum, you run the risk of:

- Employees not engaging with the system
- Missing opportunities to improve risk management
- Failing to see blind-spot issues before they occur
- Not achieving desired EHS outcomes and objectives

## HOW EHS MANAGEMENT IS INCREASINGLY COMPLICATED

Any EHS leader knows that increasing complexity within organizations is making it more difficult to successfully manage an EHS program. Add competitive pressures in every industry and new or changing regulations with more severe consequences for noncompliance, and it's easy to understand why EHS departments have more on their plates than ever before. Leaders can simplify the path to excellence by answering these key questions about their management systems:

- How does the scope and design of the management system mesh with the actual context of the business and its strategy?
- How do the management system processes facilitate fulfillment of legal and other requirements?
- How well does the planned management system results mirror real-world results?
- How can the system help the business engage employees and achieve the desired culture and attitude surrounding EHS?
- Does the management system provide the right metrics and insights for strategic decision-making?

The answers to these questions identify challenges and highlight the gaps in the current system.



## SHIFTING TOWARD INTEGRATION AND A STRATEGIC APPROACH

To move beyond basic compliance, EHS programs should adopt an integrated risk management approach. Managers must understand risks in aggregate and use this knowledge to inform strategic decisions. That means reviewing existing management systems and frameworks and strengthening them with the understanding of how EHS risks and controls interact with other risks. Taking this approach maximizes the opportunity to manage the risks as effectively as possible and lowers the likelihood of unknown risks arising from silo thinking.

An iterative model to facilitate integration and strategic management is the Plan, Do, Check, Act or PDCA approach. The main components of the PDCA cycle, which also serves as the basis for ISO standards, is typically defined as

- **PLAN:** Identify and analyze potential problems and opportunities.
- **DO:** Test the solution on a small scale and analyze outcomes.
- **CHECK:** Measure effectiveness and determine whether the solution is worth pursuing further.
- **ACT:** If solutions are successful in a small-scale test run, implement them on a wider scale.

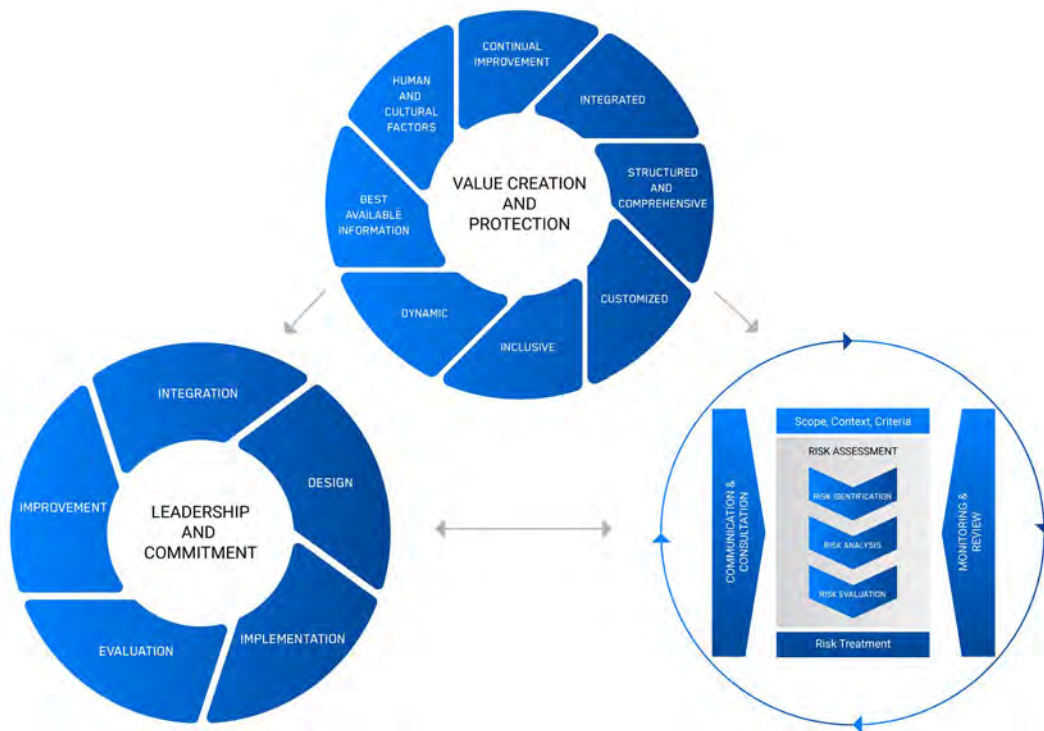
Originally conceived by Dr. William Edwards Deming in the 1950s, the PDCA Cycle, also known as the Deming Wheel or Cycle, helps businesses to develop hypotheses about what needs to change and then test these in a continuous feedback loop. The simple model provides a way of challenging your management system and potentially stripping it back to robust activities that drives focus on the right outcomes and reduce complexity.

## USING ISO 31000 AS A GUIDE TO EVOLVE EHS MANAGEMENT

Another key consideration for an integrated approach to managing EHS risks is whether systems in place provide early enough warning of emerging or deteriorating risks.

ISO 31000, first published in 2009 and then updated and simplified in 2018, is not a standard that organizations certify themselves against. Rather, it is a set of universally applicable guidelines that help companies structure their approach to enterprise risk management, which would include EHS risks as well as operational, financial, people and other risks.

## WHAT DOES THIS MEAN IN PRACTICE?



There are four significant focus changes from 2009 to the 2018 update:

- Encourages attention to the core principles of risk management
- Highlights the role of leadership by top management in the integration of risk management
- Emphasizes the iterative nature of risk management
- Streamlines content with greater focus on sustaining an open systems model to fit multiple needs and contexts

What does this mean in practice? It's about aligning principles, framework and process. All three elements influence and impact each other and should not be considered in isolation. This structured approach, as outlined by ISO 31000, can help companies identify and manage risks more effectively, thereby supporting organizational maturity.

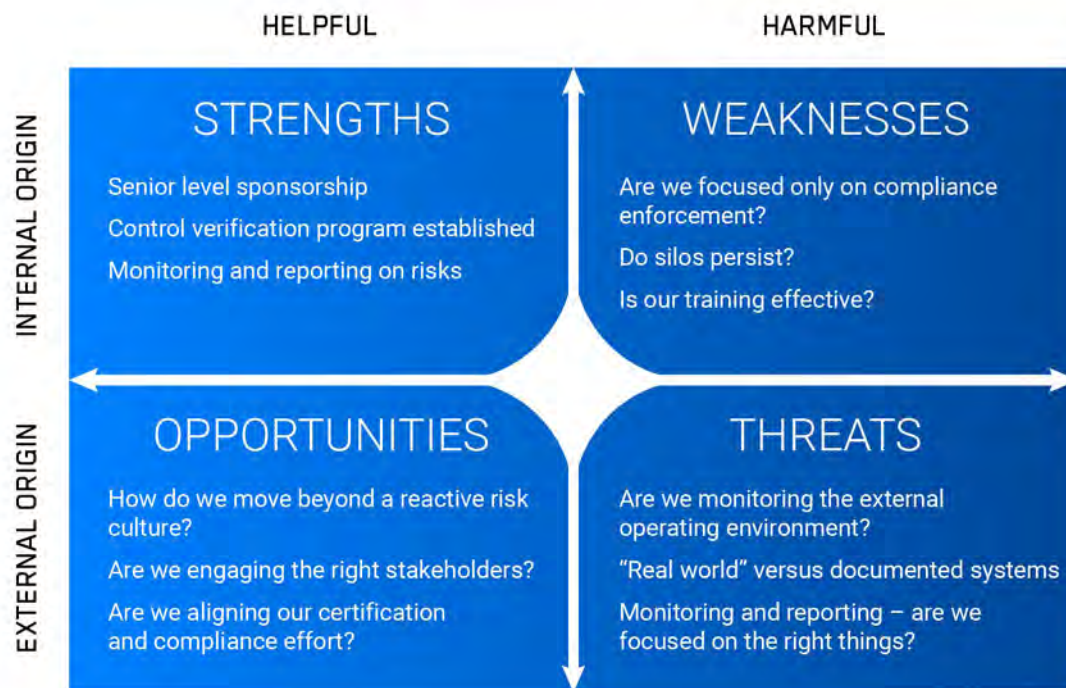
Applying a structured approach as outlined by ISO3100 can support and effective integrated risk management approach. This extends to the methodology used for

risk analysis. The commonly used Bowtie method, provides a visual layout of the context behind the risk event, all threats and consequences, and associated controls. Being visual, it helps with risk awareness and streamlines monitoring of risks and controls. Whatever the approach, Bowtie or traditional risk registers, investing time in risk analysis supports:

- Anchoring focus on risk management during disruptive events
- Identifying unintended consequences caused by conflicting controls and operations
- Providing objective reports to assist in action prioritization and prevention of blindspots
- Engaging workers for more accurate implementation and effectiveness

Adjusting your view of EHS management to align with these changes will alter your mindset to prepare for an integrated, iterative and strategic management platform that will provide value to your organization rather than simply maintaining the status quo.





## BARRIERS TO EHS EXCELLENCE

Making the shift from compliance to excellence means surmounting several potential barriers including the following.

- **CLUTTER:** Processes and forms accumulate over the years and may not have any functional purpose, resulting in a system that is difficult to manage and focuses on processes rather than outcomes.
- **PANDEMIC CHANGES:** Companies that have not yet established a "new normal" may experience difficulty streamlining EHS management in an integrated fashion.
- **LACK OF DATA:** The right kind of data may not be available to facilitate a lighter and more responsive management system, and strategic decision-making.

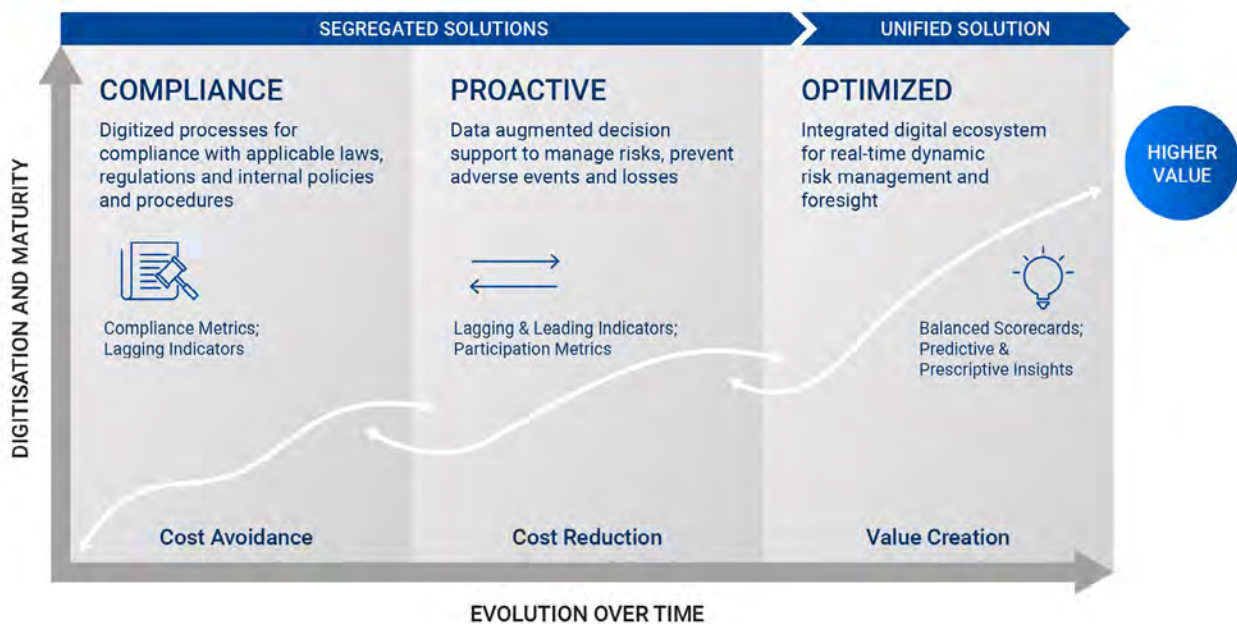
To overcome these barriers, EHS leaders must evaluate the current state of their management system and consider the strengths, weaknesses, opportunities and threats it presents.

Consider an organizational checklist to determine how the system:

- Keeps up to date on environment, health and safety matters
- Accommodates the risks and hazards of your specific business
- Ensures processes for receiving information on incidents, hazards and risk to allow swift, effective response
- Ensures processes are used to comply with requirements
- Verifies all necessary steps have been carried out

If the current system does not check all these boxes, it may not be an effective tool in elevating your management beyond mere compliance.

## DIGITISATION IS NOT A LINEAR JOURNEY



## THE DIGITALIZATION JOURNEY FROM COMPLIANCE TO A RISK-BASED APPROACH

Achieving EHS excellence isn't a question of making a linear journey from point A to point B. Today's EHS technology solutions — from software and mobile applications to digital devices and electronic equipment — offer a plethora of options and features that can enable the transformation as more are adopted by the business. EHS technology can support data collection, regulatory reporting, environmental management, risk management and performance management.

While they all don't serve the same purpose, collectively they can help support the bigger objective of ensuring EHS excellence. EHS technologies collectively reinforce a risk-based approach by fulfilling the following objectives.

- **COMPLIANCE:** These technologies streamline compliance efforts to avoid costs.
- **PROACTIVITY:** These technologies allow you to manage risks and prevent adverse events and losses to reduce costs.

- **OPTIMIZATIONS:** Enables you to move from segregated solutions to an integrated digital ecosystem for real-time risk management and foresight, to break down silos and create value.

These goals aren't usually fulfilled in sequence. Getting the foundations right by tackling the key compliance objectives then moving towards that optimized state will ensure you increase the value you get out of your technology investment. And a leapfrog strategy rarely works in digitalization. The journey is often a series of waves of continuous deployment, successes and learning that allows you to deploy, and start gaining technology benefits early so you can review and improve with each project.

## HOW MODERN TECHNOLOGY CAN OPTIMIZE THE EHS MANAGEMENT PROCESS

With so many digital technologies currently available and emerging, knowing where to start can be difficult. There are no simple solutions; one size does not fit all, and one shiny, new gadget is not going to lead to long-term improvement.



But technology adopted with a business purpose can be that great facilitator or enabler that will allow your EHS programs to move from a compliance focused to an optimized state where EHS is embedded in operations and there are no longer silos between business units. Crucial questions to ask include:

- What is the current state of our EHS program?
- What technologies do we have, and are they serving their intended business purpose?
- Are we maximizing the value of our current technology?
- How can we leverage existing tech to improve?

If there is one thing Covid has taught us, it is that things change. New technology innovations will continue to be developed and new use cases for existing technologies will continue to be discovered. By adopting an agile approach, you can focus on bite size rollouts, so you can leverage newer technologies as they emerge, incorporate learnings over time to improve and stay on course to deliver value from your technology adoption.

The digital transformation journey typically starts with the EHS software solution as the centralized information management platform. From there, you can then identify specific user scenarios and other technology such as connected IoT devices for adoption and integration into the EHS software platform.

The EHS software platform should serve as the digital hub of that digital ecosystem and a tool to enable more powerful analytics.

## ACHIEVE EHS EXCELLENCE WITH SAI360

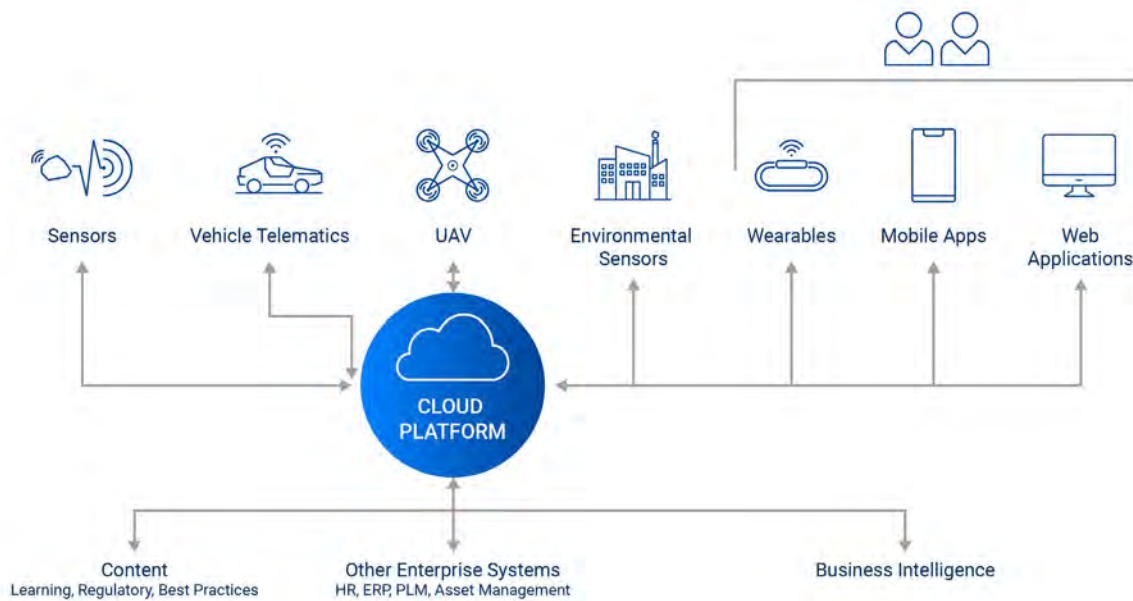
When it comes to top-tier EHS management, the SAI360 EHS platform provides everything you need in a digital risk management solution. The following features eliminate silos, illuminate blind spots and provide a unified, optimized way to operationalize EHS management for excellence.

### CLOUD SOFTWARE AND MOBILE APP

- Digitize, scale and unify processes and workflows to reduce data management and administrative burdens
- Drive accountability by automating assignment of tasks, managing team activities online and tracking completion rates over time
- Promote engagement and communications across your remote workforce
- Control hazards and risks with a unified overview with defined processes and continuous reviews
- Improve business intelligence with data-driven performance indicators



## INTEGRATED DIGITAL ECOSYSTEM



### ONLINE CONTENT DATABASES

- Stay up to date on all applicable regulations in one place
- Track obligations and action plans
- Receive alerts for new regulations and actions taken

### DIGITAL TRAINING AND TRACKING

- Ensure employees get the knowledge they need anywhere, any time with virtual training
- Improve training engagement through participation metrics
- Track competency over time

### INTEGRATED DIGITAL ECOSYSTEM

- Integrate technology like sensors, wearables and other enterprise systems to collect information in a unified cloud platform
- Use the collected data to develop insight on current risks
- Use that same data to help predict and reduce risk blind spots

## SUCCEEDING WITH THE RIGHT EHS SOLUTION

With the right EHS solution on board, excellence is within reach for any management team. The first step is to identify key business challenges and articulate the business-wide benefits of the solution to get buy-in from stakeholders. Working with IT and increasing your own knowledge of the technology landscape will make it easier to align the solution with the company's overall digital strategy.

Plotting your course toward EHS excellence against immediate steps and long-term goals helps create a future-proof adoption. SAI360 is proud to provide the seamless, centralized platform employees will actually use and managers can easily command, to empower your EHS program to provide business value beyond compliance.

#### About SAI360

SAI360 is the leading ESG cloud provider connecting GRC, EHS, Sustainability and Learning. Our SAI360 platform streamlines workflow and drives outcomes through flexible, scalable, and configurable modules. Our integrated approach sets us apart, helping organizations thrive, create trust, understand their impact, and achieve resilience for over 25 years. SAI360 is headquartered in Chicago, with operations and customers across the globe. Discover more at [sai360.com](https://sai360.com).