

How ISO 45001 Can Help You Lead with Safety

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Meet the Speaker



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- OHSAS 18001 Committee Member
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<https://www.imslobalstandards.com>

Agenda

- Understand how ISO 45001 can improve your OH&S programs
- See how to quantify the business impact of those changes
- Learn how to present the benefits persuasively to your executives

The corporate social responsibility agenda

“It is easy to dodge our responsibilities, but we cannot dodge the consequences of dodging our responsibilities.”

1. Values in addition to wealth
2. Public pressure: environmental, labour standards, human rights
3. Strategy development priority
4. Ethical Trading Initiative
5. Fashion Transparency Index

What is GRI?

GRI is an independent international organization serving a global audience through regional hubs in Brazil, China, Colombia, India, South Africa and the United States.

GRI reports are produced in more than 100 countries.

GRI helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being.



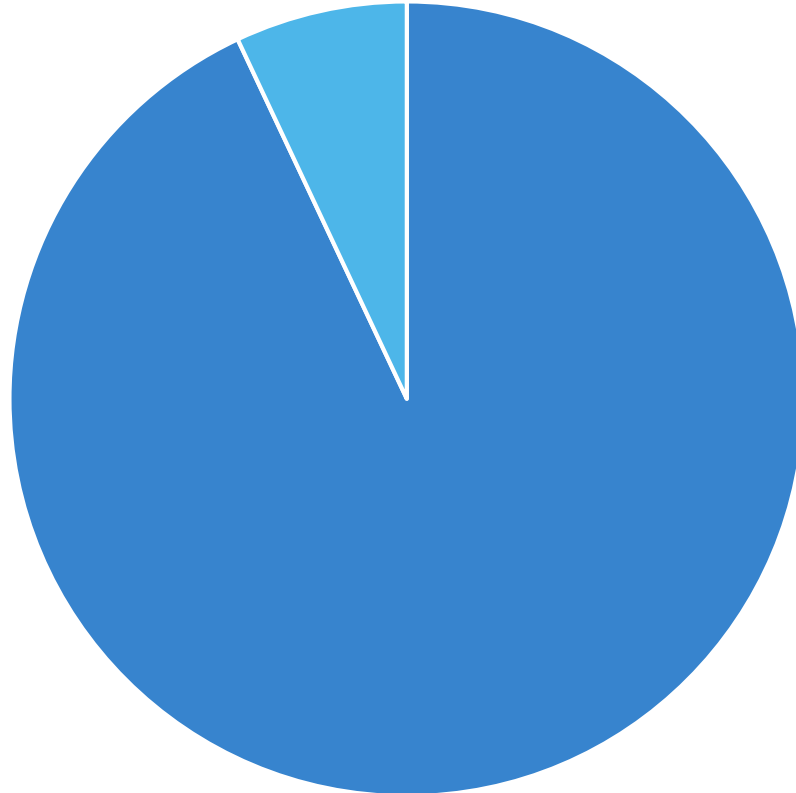
The Necessary Good Governance

- Interested parties such as investors require measurements e.g. KPIs
- Dow Jones Sustainability Index, FTSE for Good
- 64% of CEOs were increasing their CSR investment (2016 study)

GRI Report on Sustainability

92% of **top 250** organizations reported through; total of 25,000 reports. It enhances:

- Economic & social well-being through better jobs, also now OH&S
- Less environmental damage
- Access to clean water
- Less child and forced labor
- Gender equality



GRI #403 Occupational Health & Safety

Management approach disclosures

403-1 Occupational health and safety management system

403-2 Hazard identification, risk assessment, incident investigation

403-3 Occupational health services

403-4 Worker participation, consultation, communication

403-5 Worker training on occupational health and safety

403-6 Promotion of worker health

403-7 Prevention mitigation of OH&S impacts by business relationships

Topic-specific disclosure

403-8 Workers covered by an occupational health and safety management system

403-9 Work-related injuries

403-10 Work-related ill health

Business Impact of ISO 45001

- What is ISO 45001? Why does it matter?
- Which countries in the world have adopted ISO 45001? Why?
- Which institutions are supporting it (GRI, NSBs)?
- Which sectors does it apply to?
- What businesses use it?
- How popular will it be (#IMS users >1M)?
- Transcend national borders?

**Be clear how
45001 will
meet
corporate
goals**

What do your executives care about?

- Legal, statute, civil laws
- Social/Ethical
- Financial
- Organizational resilience
- Other IMS
- Protecting workers and others (interested parties) from harm
- Financial loss from production, replacing equipment and labour, management time, reputation, orders, worker morale, penalties and insurance premiums

The Real Business Drivers

- Globalization. ISO 45001 puts the organization in an elite category of business which will be internationally recognized
- Improved business performance by reducing workplace illness and injury and costs which will result in increased productivity
- Creating consistency and establishing “best practices” for occupational health and safety throughout the organization
- Improved identification of hazards and risk
- Demonstrating effective loss control to attract lower insurance premiums

The Real Business Drivers

- Reducing downtime and improving the efficiency of operations
- Providing for the safety of all persons affected by the activities of the organization
- Promoting management oversight through monitoring of key performance indicators in health and safety
- Embedding proactive behaviours which focus on prevention rather than reactive post-accident remorse
- Encouraging continual improvement

**How can
improvement
be quantified**





Global Sanctions & Penalties



Financial

- Criminal
- Civil
- Investment

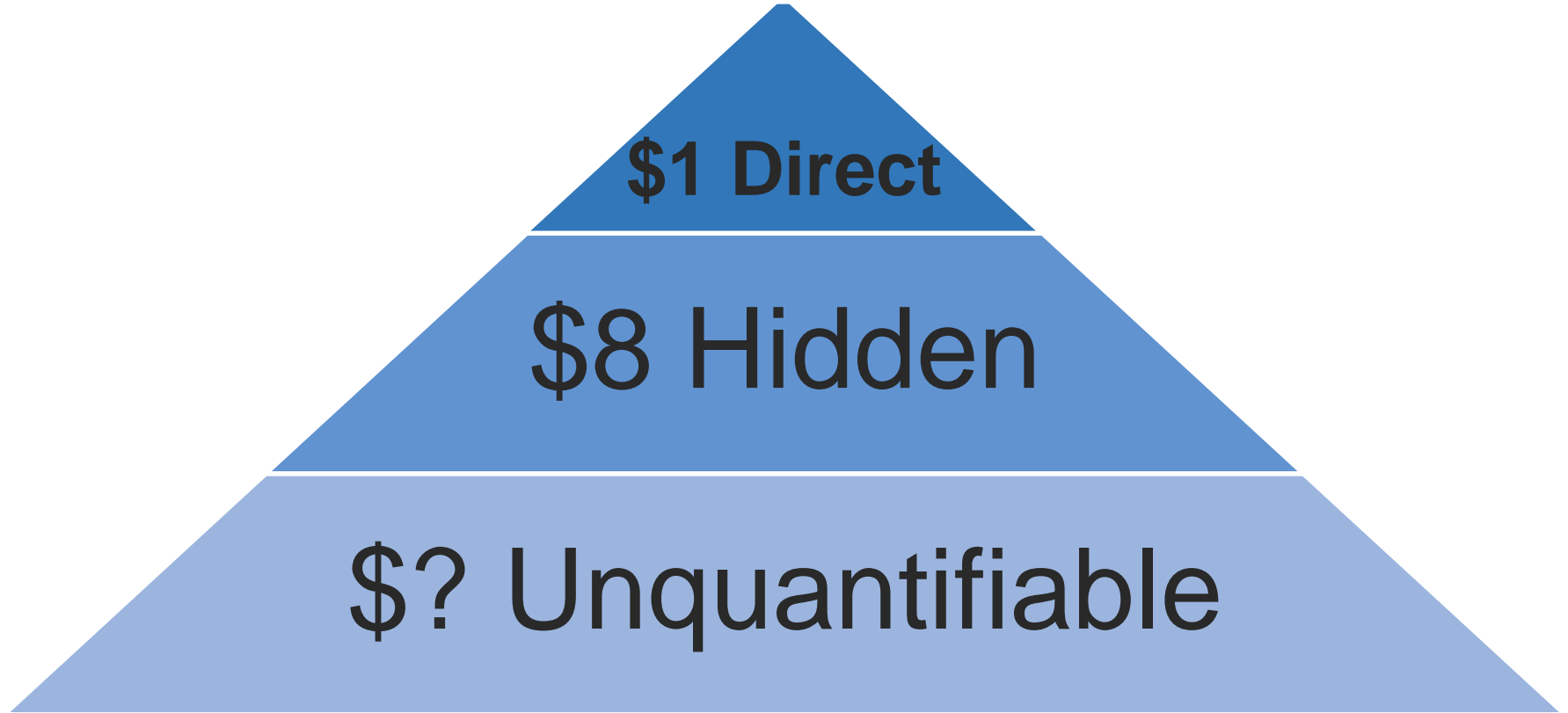
Reputational

- Loss of contracts
- Brand damage

Morale

- Productivity
- Absenteeism

Measure Incident Losses Iceberg



Costs to Society (HSE UK model) \$






	Human Cost	Financial Cost	Total Cost
Fatal	1,540,000	530,000	2,070,000
Non-fatal	6,800	4,000	10,800
7 + day absence	25,200	13,300	38,500
< 7 day absence	420	680	1100
Ill Health	12,400	11,000	23,400
7 + day absence	25,600	22,600	38,200
< 7 day absence	460	790	1,250

Investment Return







The Business Benefits

Direct Benefits

- insurance premiums 
- litigation costs 
- sick pay costs 
- accident costs 
- production 

Indirect Benefits

- staff turnover & absenteeism 
- corporate image 
- job satisfaction 
- product and material damage 

OH&S offences fines 2017-18 (not compensation)

- £72.6m total (US \$98m)
- Single largest fine was £3m ([Bupa Care Homes](#))
- 45 fines exceeded £500,000 (\$640,000)
- Average of £147,000 per conviction (\$190,000)
- Imprisonment < 18 years
- Tariff starting point 25% of turnover
- Singapore 6 months imprisonment

What is different about 45001

- First truly Global standard
- Integrated to others in increasing number of ISOs
- Flexible for smaller organizations?
- Goldilocks timing?

The Seven ISO Management Principles



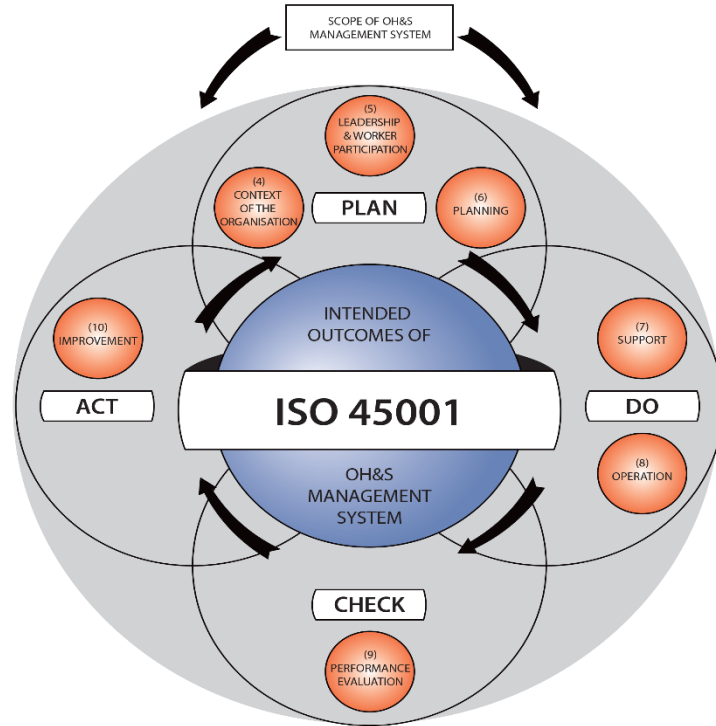
Annex SL Reminder

1. Scope
2. Normative references
3. Terms and definitions
4. Context of the organization
5. Leadership
6. Planning
7. Support
8. Operation
9. Performance evaluation
10. Improvement

What is different about this standard compared to traditional OHSMS approaches?

- Global not national/regional
- Integrated with other ISOs
- Objective setting vs prescriptive
- Risk based vs regulation
- Process vs procedure
- KPIs
- Take into account how suppliers/contractors are managing risks
- Outsourcing

PLAN DO CHECK ACT IN RELATION TO 45001



Relationship to other OHSMS

- Annex SL
- IMS 9001 Quality; 14001 Environment; 27001 Security
- OHSAS 18001 OHSMS <3/2021
- ANSI/ASSP Z10 OHSMS published 45001
- CSA Z100 OHSMS published 45001
- ASNZS 4801 OHSMS published 45001

ISO 31000 Risk Management Principles

1

- Create and protect value

2

- Dynamic, iterative, responsive to change

3

- Systematic, structured, timely

4

- Explicitly express uncertainty

5

- Tailored

6

- Transparent and inclusive

7

- **Integral part of organizational processes**

8

- **Part of decision making process**

9

- **Based on best available information**

10

- **Consider human and cultural factors**

11

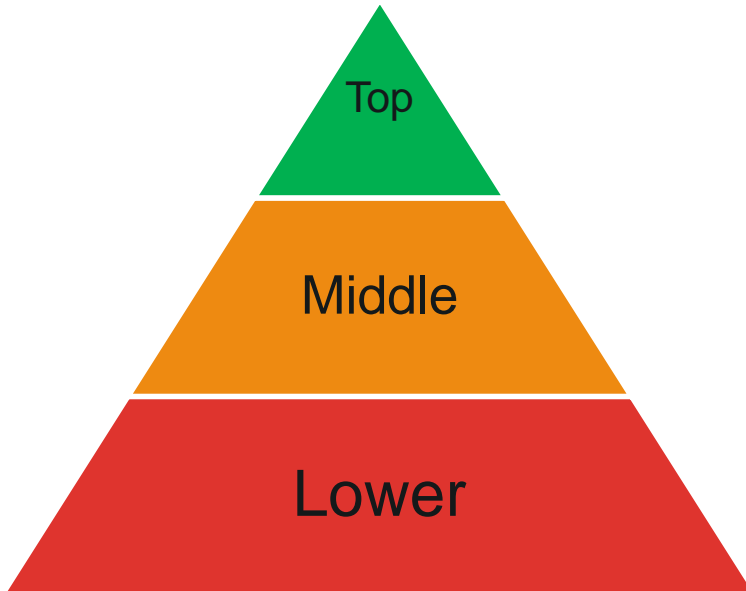
- **Facilitates continual improvement & enhancement of the organization**

What does top management commitment look like

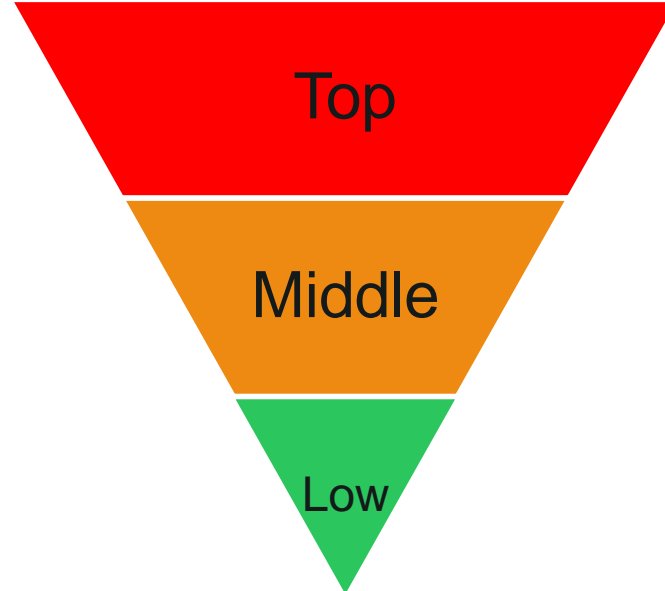
- ❑ C 5.1 Top management shall demonstrate leadership and commitment with respect to the OH&S management system

Turning Top Management on its Head

Responsibility



Accountability



Need to Know

- Overall trends and progress toward risk reduction
- Effectiveness of efforts to identify and prioritize risk and deficiencies
- Input from employees and employee representatives
- Status updates on corrective actions and changing circumstances
- Follow-up actions and status updates from OHSMS audits/reviews
- Performance of the OHSMS relative to expectations

Need to Show = Culture

- Don't walk by
- Empowerment for workers to suspend dangerous work
- A safe working environment drives safe behaviour
- Don't blame the worker until you have accounted for all causes
- Use your workforce for ideas
- Change does not usually happen overnight
- Knowledge is not enough
- You lead by example
- Encourage co-operation
- Don't neglect occupational health

Case Study: Innospec Inc., Formerly Associated Octel

Business benefits

- Effective 40% reduction in production unit costs
- Reduction in insurance claims from 50 to zero
- Improved trust and reputation in local community
- Improved staff morale – absenteeism down from 10% to 2.5% of staff
- 50% reduction in injuries compared to hours worked

What did the company do?

- Managers report in person to the CEO on accidents
- Remedial actions follow up
- Workers enabled to report issues and refuse to carry out unsafe tasks
- Open communication to senior managers to increase trust
- 'Accountability' (not 'blame') has become the watchword

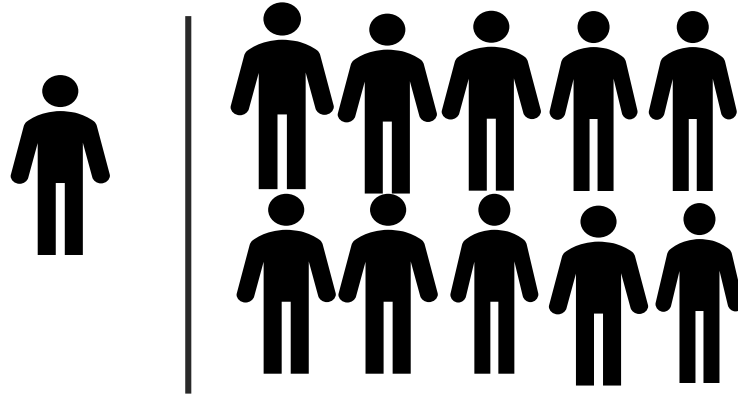
Worker Engagement

- Disengaged workers have 37% higher absenteeism
- 49% more accidents
- 60% more errors and defects

Who are the workers and what does participation look like?

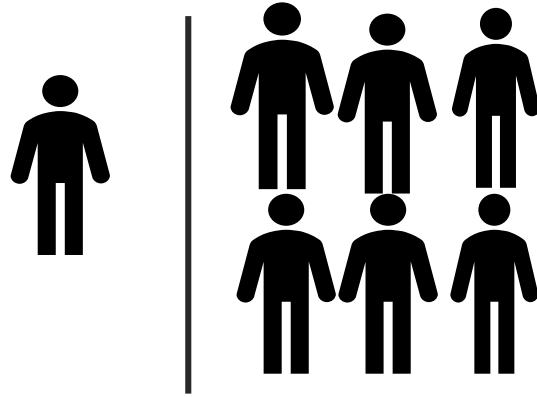
- Person performing work or work-related activities that are under the control of the *organization*
- Consultation: listened but not taken into account vs
- Participation: involvement in decision-making
- Protection from reprisals

Workers afraid to report safety failings. Developing or developed country?



10%

Workers lost their job after having an accident. Second most developed country in the world. USA, Australia or Germany?



17%

Documented Information

- ❑ C 7.5. Defined as: Information required to be controlled and maintained by an *organization* and the medium on which it is contained:
 - documented information can be in any format and media, and from any source
 - can refer to:
 - the *management system*
 - information created in order for the organization to operate
 - evidence of results achieved (records)

What Can Mobile Apps Do?

- ✓ Real time data: downstream, upstream, enabling remote oversight of hazardous activities
- ✓ Evidence of compliance to standard's requirements
- ✓ Documented information
- ✓ Engaged and responsive workers
- ✓ Staff interactive training
- ✓ Video tutorials, instruction manuals
- ✓ Safety reports
- ✓ Policy documents, organizational news

Key performance indicators

- ❑ C 6.2.1 The organization shall establish OH&S objectives at relevant functions and levels in order to maintain and continually improve the OH&S management system and OH&S performance

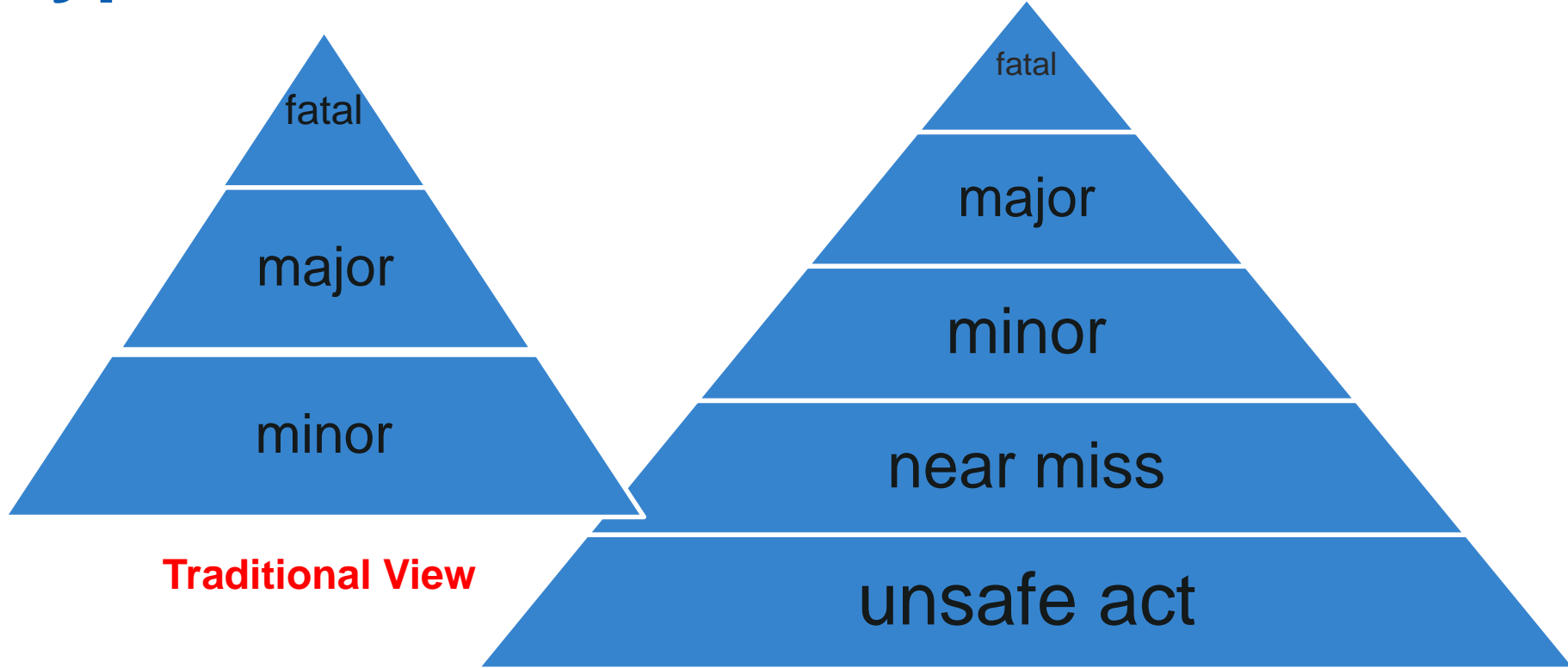
The OH&S objectives shall:
be consistent with the OH&S
policy;

***be measurable (if practicable) or
capable of performance
evaluation***

Quantify the Impact: KPIs Clause 6.2

- Overall trends and progress toward risk reduction
- Effectiveness of efforts to identify, assess, prioritize risk
- Effectiveness of processes intended to address underlying causes of risks and system deficiencies
- Input from employees and employee representatives
- Status updates on corrective actions, preventive actions, management review actions
- Worker training, e.g. courses provided, % attendance

Typical ratio measurement

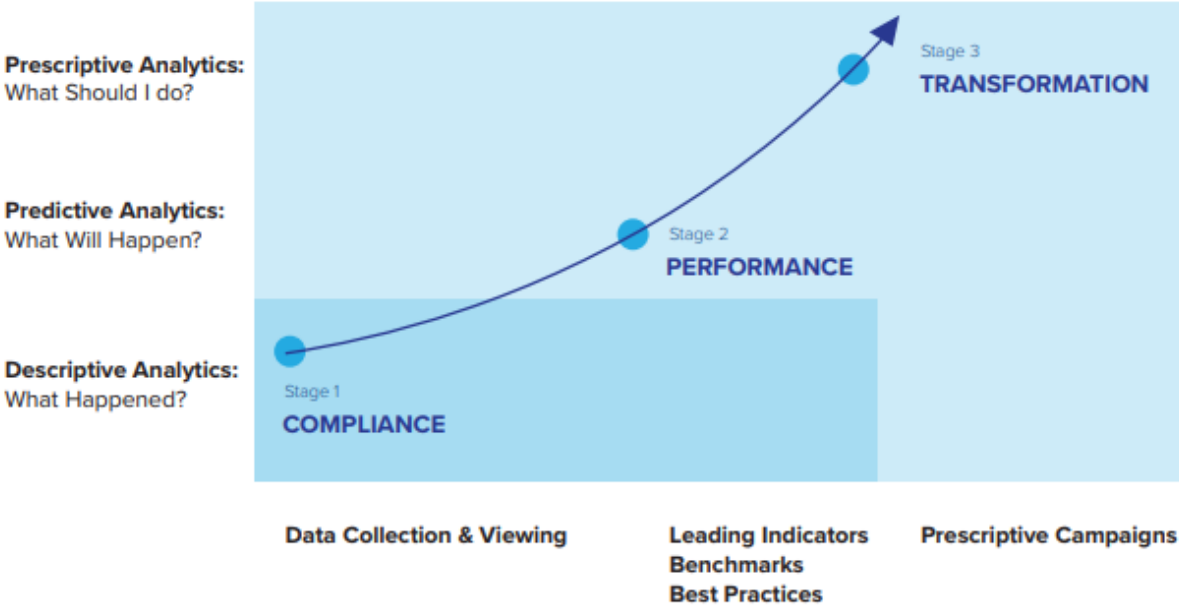


Traditional View

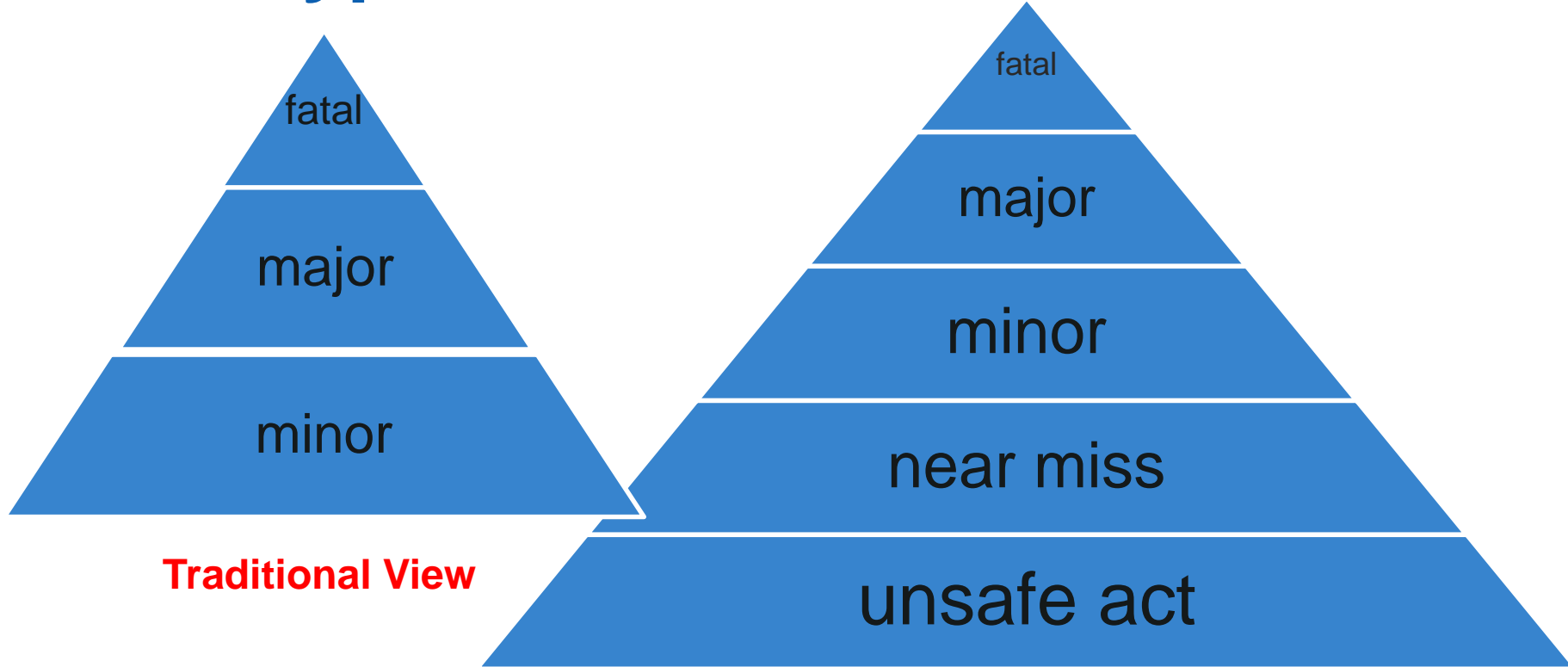
Progressive Approach

Health & Safety Maturity Curve

Figure 3: Intelex Health & Safety Maturity Curve



Typical ratio measurement



Traditional View

Progressive Approach

Key Performance Indicator Case Study

Tunnel Project >\$5bn

- Health performance indicator: 2012 Olympics
- Counts exposure to unmanaged health risks
- Incorporating leading/lagging indicator
- Adapted with add in from the Finnish TR system

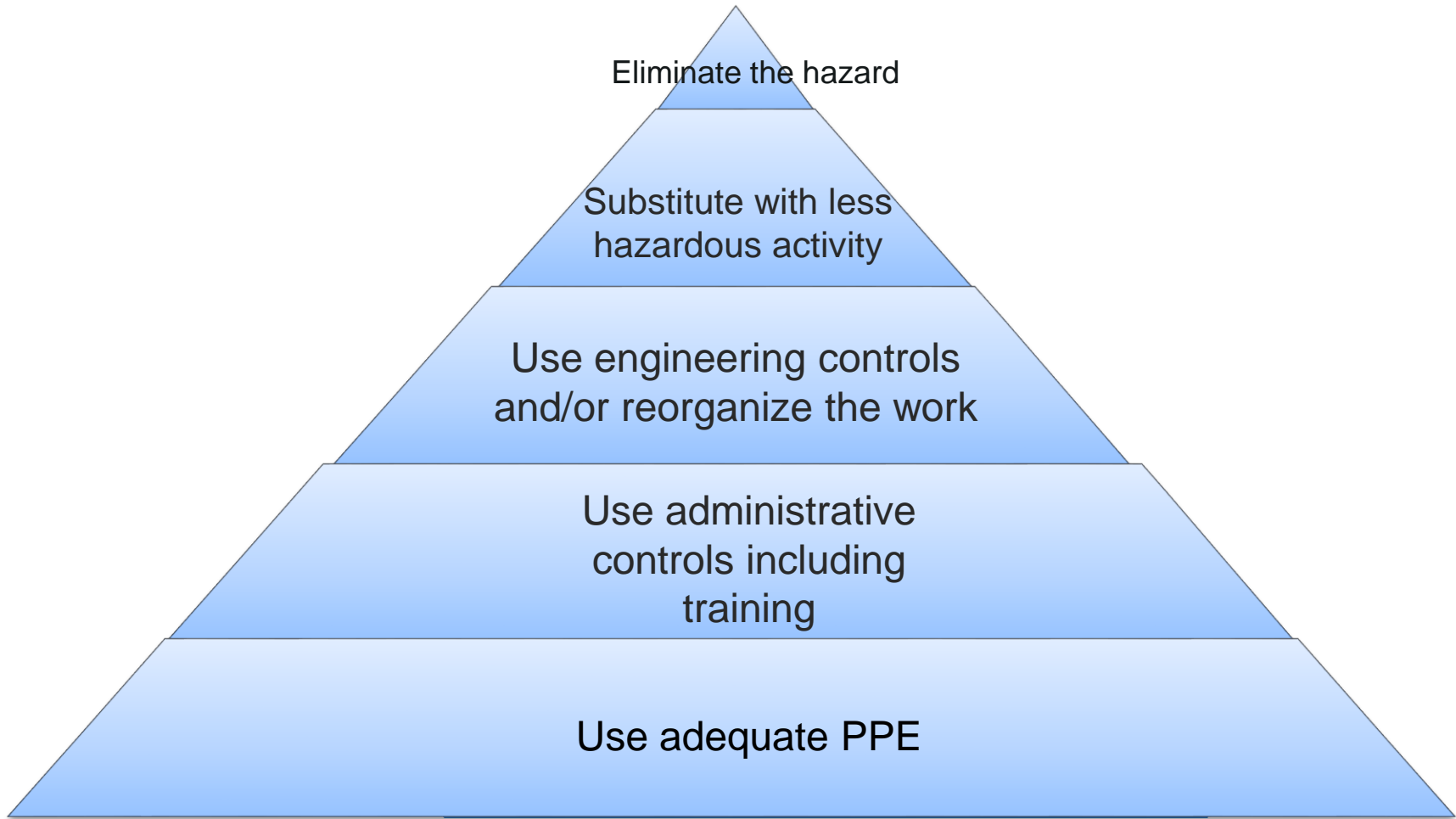
Health Impact Frequency Rate using Finnish TR system

$$\text{TR Level} = \frac{\text{Correct observations}}{\text{Correct observations} + \text{Incorrect}} \times 100$$

Hierarchy of control

□ C 8.1.2 Eliminating hazards and reducing OH&S risks

The organization shall establish, implement and maintain a process(es) for the elimination of hazards and reduction of OH&S risks using the following hierarchy of controls



Procurement

- ❑ C 8.1.4 The organization shall establish, implement and maintain a process to control the procurement of products and services in order to ensure their conformity to its OH&S management system.
- Contractors
- Outsource

Procurement: Contractors & Outsourcing

- The requirements of its own OH&S management system are met by contractors and their workers
- The organization's procurement process shall define and apply occupational health and safety criteria for the selection of contractors
- 45001 provides the framework which is adaptable to all sizes of organizations
- mandatory supply requirements: all frameworks should be covered in prequalification, but judgement required regarding relative importance of each clause

What are the Outsourcing Responsibilities

- ❑ C 8.1.4.3 The organization shall ensure that outsourced functions and processes are controlled. The organization shall ensure that its outsourcing arrangements are consistent with legal requirements and other requirements and with achieving the intended outcomes of the (parent organization's) OH&S management system

What does compliance look like?

An organization has to comply with the clause requirements of the Standard, which are:

Clauses 4 – 10

The requirements are the intended outcomes of the OHSMS

Compliance to ISO 45001

Three ways of declaration of conformity to ISO Standard:

1. Through self-declaration based on a successful internal or external audit
2. By a successful second-party audit, such as by a client or customer
3. By a successful third-party audit using a certified auditing body. This is known as either certification or registration. Although the latter is the correct term, both are in common usage.

The certification body will have been accredited by an accreditation body

The corporate social responsibility agenda

“It is easy to dodge our responsibilities, but we cannot dodge the consequences of dodging our responsibilities.”



Questions?

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Thank You!

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INTELEX Awards & Accolades

