

How can your EHS program break through to a new level of performance?

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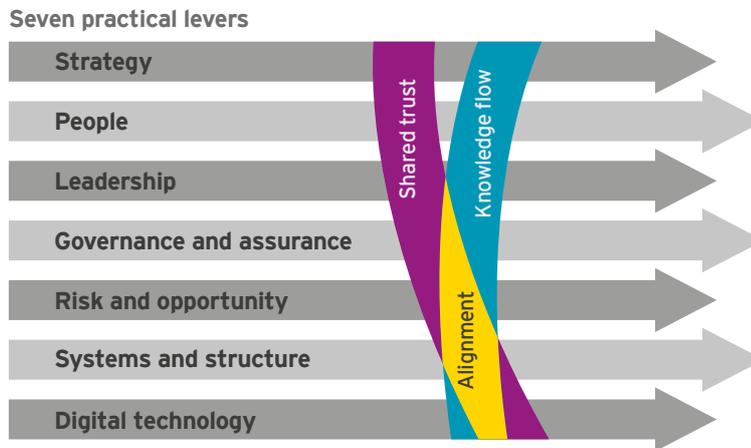
Environment, health and safety (EHS) performance has historically been managed with a focus on compliance. Although this has contributed to significant EHS improvements, it hasn't allowed organizations to exploit its full potential. EHS has primarily been managed via employees' extrinsic motivators, where employees are generally motivated to follow a process or procedure because they have to. This has led to a performance plateau. In order to create a positive shift beyond this plateau, organizations should take a holistic approach and harness employees' intrinsic motivators to help every employee understand the value effective EHS management can bring to them personally.

In order to start a shift beyond the current EHS plateau, organizations should assess where they are and where they want to be. Business leaders should not only understand the current state of their EHS function, but more importantly a method that is relevant to today's business context and provides them with a more progressive path forward. This method should take a holistic approach placing leadership at the center as the most effective means to tap into employees' intrinsic motivators. By increasing leadership transparency and access to information, organizations can build shared trust and knowledge flow, resulting in an aligned workforce driven by intrinsic motivators. When leaders are highly trusted, they likely receive better and more accurate information to make sound decisions and advance EHS and overall business performance.

In order to help organizations with these challenges, EY has developed an EHS maturity model informed by seven levers that can be drawn on to build shared trust and knowledge flow. By using the EY EHS maturity model, we can help you to obtain a holistic perspective on your organization's current EHS maturity, but more importantly understand a way forward beyond any current EHS performance plateau.

Breaking the EHS performance plateau

Global EHS trends point directly at three key factors that business leaders should understand in a continuously changing operational landscape. These three key factors are leadership, governance and an organization's assurance framework, and digital technology. The EY EHS maturity model assesses seven factors including these three, associated with EHS maturity progression.



Based on the EY EHS maturity model, the following questions may be relevant to your business agenda:

Leadership and governance:

- ▶ Is your business looking for a way to break the EHS plateau as part of your EHS strategy?
- ▶ Is your workforce aligned toward the achievement of your organization's EHS aspirations?
- ▶ Do your leaders have the appropriate leadership skills and are they drivers of shared trust across the workforce, creating a culture of learning?
- ▶ Is there a clear governance structure in place that is representative of EHS risks?
- ▶ Does the board or executive leadership team (ELT) understand the operations of the organization, and the hazards and risks associated with those operations?
- ▶ Does the board or ELT contribute to the development and communication of the Health and Safety (H&S) vision and H&S goals?
- ▶ Has accountability for H&S been clearly defined?

Reporting and assurance:

- ▶ Is your organization's approach to EHS assurance assessing control effectiveness and identifying systemic risk management issues through a robust first, second and third line of defense?
- ▶ Does your organization's EHS assurance framework address governance and structure, scope and coverage, approach, and resourcing?
- ▶ Is the design of your organization's EHS assurance framework appropriate for the risks associated with the organization's activities (including risks associated with activities performed by third parties)?
- ▶ Are a mix of lead, lag and positive performance indicators used to measure EHS performance and inform decision-making?
- ▶ Is relevant, robust and timely information relating to EHS performance, risks and outcomes of EHS assurance activities regularly provided to all relevant stakeholders (including the board, ELT, leaders, employees, investors, regulators)?

Digital technology:

- ▶ What are your processes for collecting and analyzing EHS data and are you confident that the information provided is accurate?
- ▶ Do you receive EHS information in a timely manner?
- ▶ Can your workforce access EHS information easily and use it effectively?
- ▶ Are you leveraging new and innovative technologies as critical controls or to gather detailed data to support decision-making?

Driving a movement toward EHS intrinsic motivators

By assessing your organization's EHS maturity level using our model, we can help you to determine your current state against each of the seven levers and provide you with prioritized and actionable recommendations to drive improved EHS performance. We can support you to:

1. Design a strategy and establish the foundations to define, monitor and measure EHS performance
2. Develop a positively aligned EHS culture founded on trust, collaboration and learning
3. Develop leaders to build shared trust, encouraging learning and continuous improvement
4. Design and implement a robust governance and assurance framework to manage critical EHS risks and inform business decisions
5. Design a systematic approach to risk management and continuous improvement to improve business outcomes
6. Define and integrate EHS systems and policies that improve knowledge flow and help employees to get on with the organization's core business more safely, efficiently and effectively
7. Implement digital technology to drive workforce engagement and inspire innovation to better mitigate EHS risks on the front line, as well as aggregate relevant and accurate EHS data

Toward a better and more mature EHS state

We have designed two critical steps to help you to determine your current maturity state and design a blueprint outlining how to advance on each of the seven levers. We can also help you define the right EHS maturity level for your business:

Step 1: Data validation

- ▶ Document analysis: assess the availability and effectiveness of policies, frameworks, procedures and systems
- ▶ Pulse survey: develop a pulse survey to identify employees' perceptions toward EHS management
- ▶ Strategic interviews: perform semi-structured interviews with management to test workforce alignment and understand the business context and challenges
- ▶ Targeted focus groups: assess how EHS management is perceived and assess whether the systems and structures in place are effectively implemented
- ▶ Field observations: identify and assess key business EHS risks, determine how workers perceive EHS management and how effectively the elements of EHS management systems are implemented and used

Step 2: Data analysis

We can help you by engaging and collaborating with key stakeholders (e.g., executive leadership) within your organization and leveraging IT systems outputs and data analytics. During this collaborative process, we can support the design and refining of the blueprint, help establish a desired EHS step change to improve EHS maturity and performance and either build or transform supporting technology. By doing this, the process is transparent, the desired state is defined and has support. Actions to be implemented are understood and agreed, providing support for the blueprint throughout the organization.

The EY maturity model can also be used as a comparison tool to compare your maturity level within the industry you operate or other industries.

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A progressive EHS function

Outcomes obtained from assessing the EHS maturity level of your organization, along with the blueprint to create the desired step change, can have the following positive impacts:

- 1. Social:** increased EHS value in the social bond created by a workforce that trusts each other, their leaders, management and the organization they work for
- 2. Legal:** decreased EHS legal risk through the application of an evidenced-based three lines of defense framework to monitor operational risk, systems implementation and design effectiveness
- 3. Commercial:** increased commercial benefit through a more effective EHS management approach resulting in a reduction of EHS related costs, increased reputation and improved efficiency through the use of technology

Why EY

An innovative approach to EHS advancement

EY has an innovative approach to EHS advancement, the right competencies and proven experience to support your business.

1. We can help shape the agenda by shifting the EHS strategic paradigm where EHS provides a net positive impact for the organization and employees.
2. Our EHS maturity model is progressive, as it looks at physical safety and management systems, as well as mental health and environmental management.
3. We can apply psychology to EHS function, tapping into both systems and structures as well as employee motivations.
4. Leveraging our IT tools, capabilities and collaborations, we can help you as you transform your technology to drive continuous improvement.
5. We can utilize the maturity model to execute EHS due diligence or assist an EHS risk management maturity assessment post-integration.
6. We have EHS experience across many industries, helping businesses contribute to a cleaner, healthier and safer working world.
7. Our multidisciplinary teams have diverse backgrounds, including engineering, psychology, environmental science, economics, business and accounting.

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About EY

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