The Management Systems Approach to Business Sustainability

“If we’re not sustainable, we don’t have a business. Sustainability is consistent with having a long-term business.”

Lucy Nottingham, Director, Global Risk Center, Marsh & McLennan Companies

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Presentation Overview

1. The Sustainability Vision
2. Leadership and Management Strategies
3. Environmental Management Systems & Sustainability
Learning Outcome:

1—Better understanding of how managers/leaders utilize management systems and strategic plans
2—Knowledge of the International Organization for Standardization and its development of management systems and the their use in all types of organizations.
3—The importance of the ISO 14001:2015 Environmental Management System High Level Structure as a foundation for a sustainable development.
Building the Foundation
Examples of Business Sustainability Orgs.

- **American Sustainable Business Council:** [http://asbcouncil.org/about-us#.WfdUfGhSwdU](http://asbcouncil.org/about-us#.WfdUfGhSwdU)
- **Business for Social Responsibility:** [https://www.bsr.org/en/about](https://www.bsr.org/en/about)
- **Ceres:** [https://www.ceres.org](https://www.ceres.org)
- **GEMI:** [http://gemi.org/](http://gemi.org/)
- **Global Reporting Initiative:** [https://www.globalreporting.org/Pages/default.aspx](https://www.globalreporting.org/Pages/default.aspx)
- **Sustainable Business Network:** [https://sustainable.org.nz/](https://sustainable.org.nz/)
- **United Nations Global Compact:** [https://www.unglobalcompact.org/](https://www.unglobalcompact.org/)
UN Global Compact

• The Global Compact is the world’s largest global corporate sustainability initiative, with over 9,000 companies and 4,000 non-business participants based in over 163 countries.

• Shaping a Sustainable Future
  – Five things a company should do:
    1. Principled Business—Any company seeking to be sustainable begins by operating with integrity—respecting fundamental responsibilities in the areas of human rights, labor, environment and anticorruption.
UN Global Compact


- Shaping a Sustainable Future
  - Five things a company should do (cont):
    2. Strengthening Society—Sustainable companies look beyond their own walls and take actions to support the societies around them.
    3. Leadership Commitment—Leadership must send a strong signal throughout the organization that sustainability counts, and all responsibilities are important.
    4. Reporting Progress—Reporting to stakeholders in a transparent and public manner is fundamental for companies committed to sustainability.
    5. Local Action—Companies with operators and supply chains extending around the world need to understand locations far from headquarters and view sustainability through a local lens.

- Current Business Sustainability Initiatives
  - https://eloqua.ethicalcorp.com/LP=25652?extsource=web
  - https://eloqua.ethicalcorp.com/LP=25292?utm_campaign=5111-30OCT19-WK30-Database&utm_medium=email&utm_source=Eloqua&elqTrackId=cbccbcc1a8e84b6bad2c9882de18c786&elq=e2b91f3b4854446881c0c78df8537d1a&elqaid=48783&elqat=1&elqCampaignId=29753
Using Management Systems to Create Strategies for a Sustainable Development

• 3M’s Progress Toward Sustainability emphasizes environmental, social and economic performance – the three elements of sustainability. “We have implemented management systems that demonstrate our respect for the environment, employees and the communities in which we operate and that further improve our performance in these areas.”

• a systematic approach to management....

A Management System

• Management system:
  – A system constitutes a complex combination of resources integrated in such a manner as to fulfill a designated need.
  – The resources are in the form of human beings, materials, equipment, software, facilities, data, etc., combined in an effective manner.

• International Management Systems
International Management System Standards

• International Organization for Standardization (ISO)
  – Created in 1947
  – Geneva, Switzerland
  – Volunteer Standards

• 162 Member Countries
  – Standards developed through Technical Committees (TC), Sub-committees (SC) and Working Groups (WG)
  – TCs are established for the development of a standard
  – 2015 is the beginning of the High Level Structure for Management System Standards
ISO 14001
Environmental Management System (EMS)

• 1\textsuperscript{st} Edition ISO 14001:1996
  – 18 month transition to 2004

• 2\textsuperscript{nd} Edition of ISO 14001:2004 (minor changes)
  – 3 year transition to 2015

• 3\textsuperscript{rd} Edition of ISO 14001:2015 (major changes)
  – Published in October 2015
  – Common Management System Standard format: Annex SL
  – All ISO Management System Standards will use the Annex SL for new and revisions, e.g., ISO 9001, ISO 50001
ISO 14000 Series
https://www.iso.org/committee/54808/x/catalogue/p/1/u/0/w/0/d/0

- ISO 14000 Series for Environmental Management
  - ISO 14001 is a specification standard of the ISO 14000 Series of Environmental Management Standards
    - Guidance Standards
      - ISO 14004 EMS General Guidelines for ISO 14001
      - ISO 14005 EMS Guidelines for Small and Medium Enterprises
      - ISO 14006 EMS Guidelines for Ecosystem Design
      - ISO 19011 Quality and Environmental Auditing
      - ISO 14020-25 Labeling
      - ISO 14031-32 Environmental Performance and Evaluation
      - ISO 14040-49 Life Cycle
      - ISO 14050-Vocabulary
      - ISO 14060-Forest Industry
      - ISO 14063-Communications
      - ISO 14064 Emissions Inventory, also 65, 66 and 67-Quantification of Emissions
      - ISO/DIS 14080 Greenhouse Gas Management
ISO 14001:2015
Introduction

“Societal expectations for sustainable development, transparency, and accountability have evolved within the context of increasingly stringent legislation, growing pressures on the environment from pollution, and the inefficient use of resources, management of waste, climate change and degradation of ecosystems and biodiversity. This has led organizations to adopt a systematic approach to environmental management by implementing environmental management systems with the aim to contribute to the ‘environmental pillar’ of sustainability.”
ISO 14001 EMS: High Level Structure

• 0 - Introduction
• 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

ISO 14001:2015 EMS
PDCA for Continual Improvement

Context of the Organization (4)

Scope of the Environmental Management System

- Internal and External Issues, 4.1
- Needs and Expectations of Interested Parties, 4.2
- Planning, (6)
- Leadership, (5)
- Performance Evaluation, (9)
- Improvement, (10)
- Support and Operation, (7,8)

PLAN -> DO -> CHECK -> ACT

Intended Outcomes of the EMS
4. Context of the Organization

- Understanding the organization and its context; determine external and internal issues and impacts of the EMS and the needs of interested parties and their relevance. (environmental conditions, compliance, structure, activities, location(s), employees)

- The needs and expectations of interested parties are to be better evaluated and understood within the scope of the organization. In understanding the organization’s context, local, regional or global are identified that can be affected by the organization.

- Activities, products and services that have significant aspects shall be included within the scope.
Examples of Interested Parties, Needs and Expectations

• **Responsibility:** Investors – Expect the organization to manage its risks and opportunities that can affect an investment

• **Influence:** Non-governmental organizations (NGOs) — Need the organization’s cooperation to achieve the NGO’s environmental goals

• **Proximity:** Neighbors, the community — Expect socially acceptable performance, honesty and integrity

• **Dependency:** Employees — Expect to work in a safe and healthy environment

• **Representation:** Industry membership organization — Need collaboration on environmental issues

• **Authority:** Regulatory or statutory agencies — Expect demonstration of legal compliance
5. Leadership

- Top management takes more responsibility for the effectiveness of the EMS and integration into business processes.
- Top management of the organization is required to provide the leadership to bring the EMS into the organization’s strategies, processes, and business priorities.
- There is no specific requirement for a EMS representative, but responsibilities and authorities are required to be assigned within the organization.
- Top management should ensure the EMS policy and the objectives of the organization are “compatible with the strategic direction of the organization.
- Policy: compliance obligations take the place of legal and other requirements.
- Policy: Commitment to protection of the environment, pollution prevention and others within the context of the organization.
6. Planning

• The organization shall consider the issues brought out in section 4 and determine the risks and opportunities of its activities, products and services, based on a life cycle perspective (ISO 14044).

• Significant aspects, and all legal, interested party (stakeholder) commitments. The organization “shall plan” to address risk identified with threats and opportunities.

• Objectives shall be retained as documented information and risk must be considered. (indicators)
ISO 14001:2015

7. Support

• Includes the requirement for identification of resources to establish, implement, and maintain the EMS.
• Communication of significant aspects, documented information, format and control of documentation.
• Communication has placed emphasis on creating a communications strategy and ensuring that reliable information is accessible from internal and external identified parties.
• Documented information aligns the organization to better use of electronic and cloud based systems for running the EMS.
8. Operation

• Emphasis on planning, implementing and controlling the processes needed to meet requirements.

• This includes outsourced processes. While the organization doesn’t control the organization, it does control the processes that relate to the outsourced products and services.

• Mitigate any adverse effects, as necessary, protecting the environment from harm and degradation.
9. Performance Evaluation

- Increase in expectations of the organization’s environmental performance evaluation based on the use of indicators.

- Indicators for measuring achievement of the objectives are to be used. ISO 14031: Environmental Performance and Evaluation should be referred to in establishing key performance indicators.

- Internal audits and Management Review are key parts of Performance Evaluation.
10. Improvement

Nonconformity and corrective actions are more aligned with the improvement of environmental performance. Continual improvement and the requirement for the organization to “continually improve the suitability, adequacy and effectiveness of the EMS.”
https://www.sc.edu/ehs/EMSpolicy.pdf

• USC EHS certified to ISO 14001 and to ISO 45001
• How does the University’s implementation and certification to ISO 14001 environmental management system standard support the University’s Sustainability Initiative?

http://www.iso.org/iso/home/standards/management-standards/iso14000.htm
Integration of Management Systems

- ISO 9001-Quality Management
- ISO 14001-Environmental Management
- ISO 31000-Risk Management
- ISO 50001-Energy Management
- ISO 55001-Asset Management
- ISO 45001-Occupational Health and Safety Standard
Aspects, Impacts, Controls
An Exercise in Sustainable Development

• Each group is assigned a department or building at USC.
• Using the examples provided each group will list 5 activities and the aspects and impacts of each activity.
• Rank one activity and discuss the resources needed to reduce the impact or to maintain the positive impact.
  – What controls are needed to reduce the impact or maintain the positive impact?
  – What is the cost to reduce the impact or maintain the positive impact?
  – Sustainable Decisions Exercise
The problems we have created cannot be solved by thinking the way we thought when we created them” Albert Einstein

Thank You!