Environmental and Social Management System Implementation Handbook

FOOD & BEVERAGE

IFC International Finance Corporation
WORLD BANK GROUP

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Welcome & How to Use This Handbook

Environmental and social responsibility is becoming more and more important in today's global economy. There are thousands of environmental and social codes and standards in the world today. The codes and standards define the rules and the objectives. But the challenge is in the implementation. An environmental and social management system (ESMS) helps companies to integrate the rules and objectives into core business operations, through a set of clearly defined, repeatable processes.

This Handbook is intended to be a practical guide to help companies in the food and beverage industry develop and implement an environmental and social management system, which should help to improve overall operations.

In the current economic climate, companies are under pressure to perform or even just survive. New initiatives are often met with resistance as people struggle to keep up with their day-to-day responsibilities. Some people think that an environmental and social management system must be big, complicated and expensive. But that is not really true. To be effective, a management system needs to be scaled to the nature and size of the company.

If a company has existing management systems for quality or health and safety, this Handbook will help to expand them to include environmental and social performance. Our hope is that this Handbook will accelerate a company's journey of continual improvement, for its own benefit and that of its employees and stakeholders.

Quick Reference for Using this Handbook	
Sections I – II	These sections provide background on environmental and social management systems (ESMS) in the food and beverage industry.
Section III	This section provides step-by-step instructions on how to develop and implement an ESMS. If you see a Toolkit icon, it means that there is an accompanying tool in the ESMS Toolkit.
ESMS Toolkit and Case Studies	Section I of this companion publication gives tools, including forms, templates, checklists, and other useful documents, to help you develop and implement the systems described in the Handbook. We suggest that you adapt each tool for your company. Section II includes case studies presenting two companies in the food and beverage industry that implemented an ESMS. These hypothetical cases illustrate how to develop and implement an ESMS appropriate to the size and nature of your company. • ABC Company – a 400-person poultry processor based in Thailand. • XYZ Company – a 50-person fruit processor based in Tanzania.
ESMS Self-Assessment and Improvement Guide	This companion publication contains a questionnaire, maturity matrix, and improvement tips to help you measure the maturity of your ESMS and develop a plan for improvement.

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I

Benefits of an Environmental and Social Management System in the Food & Beverage Industry

"Our principal customer required a food quality and safety management system. We couldn't afford not to comply. Now we repeatedly ask ourselves how we survived without it."

Managing Director - Citrus products grower, processor and exporter in Africa.

Benefits of an Environmental and Social Management System in the Food & Beverage Industry

Today, food and beverage companies are confronted with a number of significant environmental and social challenges. None of the challenges are insurmountable, but if not effectively addressed and managed, they will hurt your core business operations and profitability.

Among these challenges are increasing energy and raw materials costs, the growing power and influence of environmental and labor regulatory agencies, and rapidly evolving consumer awareness and concerns about environmental and social issues. These risks are in addition to the primary risk of failing to manage food safety while building brand and consumer confidence. All of these risks ultimately can have financial consequences. Moreover, export is vital to the success of many food and beverage businesses; but exporting brings even more demands from international legislation, voluntary standards and consumer requirements – increasingly related to environmental and social practices. All of these risks, requirements and pressures that your business faces are forces that encourage you to implement a management system.

There are direct business benefits from implementing an environmental and social management system. Conserving and using energy and materials efficiently helps to reduce production costs. Reducing waste and discharges can minimize

"We are seeing a direct correlation – the suppliers with better social compliance consistently score higher in key performance indicators such as on-time delivery and quality."

Senior VP – multi-national retailer

"The regulatory agency required secondary wastewater treatment. Estimated costs were very high. Through the management system review process, we determined that organic waste conversion could meet 60% of our electric power needs. We learned our waste is a useable by-product."

CFO - Integrated poultry and pork producer in Latin America.

the cost of increasingly expensive, regulated discharges to the environment (such as greenhouse gases and wastewater). In the food and beverage industry, there can be financial benefits from waste management. Instead of merely capturing and treating process wastes with no benefit, you can convert organic wastes to biogas for boiler fuel or generate electric power, or organic fertilizer and soil amendments to strengthen crop production sustainability. A management system, can elucidate where expenditures exceed industry benchmarks and identify potential production cost savings.

The same tangible benefits can be realized on the social side. Clear, transparent human resource policies and procedures improve communication between workers and managers. This helps to anticipate and avoid labor problems. Effective occupational health and safety management procedures work toward the identification of workplace and process hazards, then seek to eliminate or reduce them through engineering controls and employee training on how to avoid job site risks. This serves not only to reduce incidents, accidents and fatalities, but also contributes to reducing insurance premiums for worker compensation.

"First we implemented Good Manufacturing Processes (GMP) to promote hygiene for food processing areas, machinery, and packaging. Then we expanded our system to include waste disposal. What we didn't know was frightening. How did we survive before?"

General Manager – shrimp producer in Asia

Management systems are widely used by food and beverage companies in quality control and food safety. An environmental and social management system simply extends that approach to managing the impact your business has on the environment and the working conditions at your facility.

Ultimately, your management systems should be integrated and centralized, instead of having one system for quality, one for food safety and one for ESMS. Integrated management systems are the goal, but the focus of this Handbook is on helping you implement an ESMS that is appropriate for the size and nature of your company.

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Understanding an Environmental and Social Management System

Understanding an Environmental and Social Management System

OVERVIEW

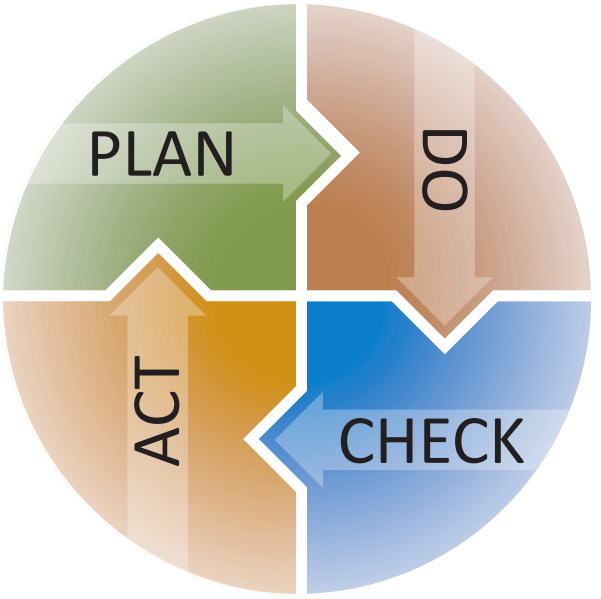
A management system is a set of processes and practices to consistently implement your company's policies to meet your business objectives. The goal is to make sure that you have the appropriate policies and procedures in place and that people consistently follow them. The management system helps to assess and control your risks and is the key to lasting improvement. A key feature is the idea of continual improvement – an ongoing process of reviewing, correcting and improving your system. The most common method is the Plan-Do-Check-Act cycle (PDCA), described below.

Identifying and analyzing the risks and objectives

What is important for you as an organization and what are you going to do about it?

Implementing the improved solution

What will you change if results are not what you expected?



Developing and implementing a potential solution

What actions will you take? Who, what, where, when and how?

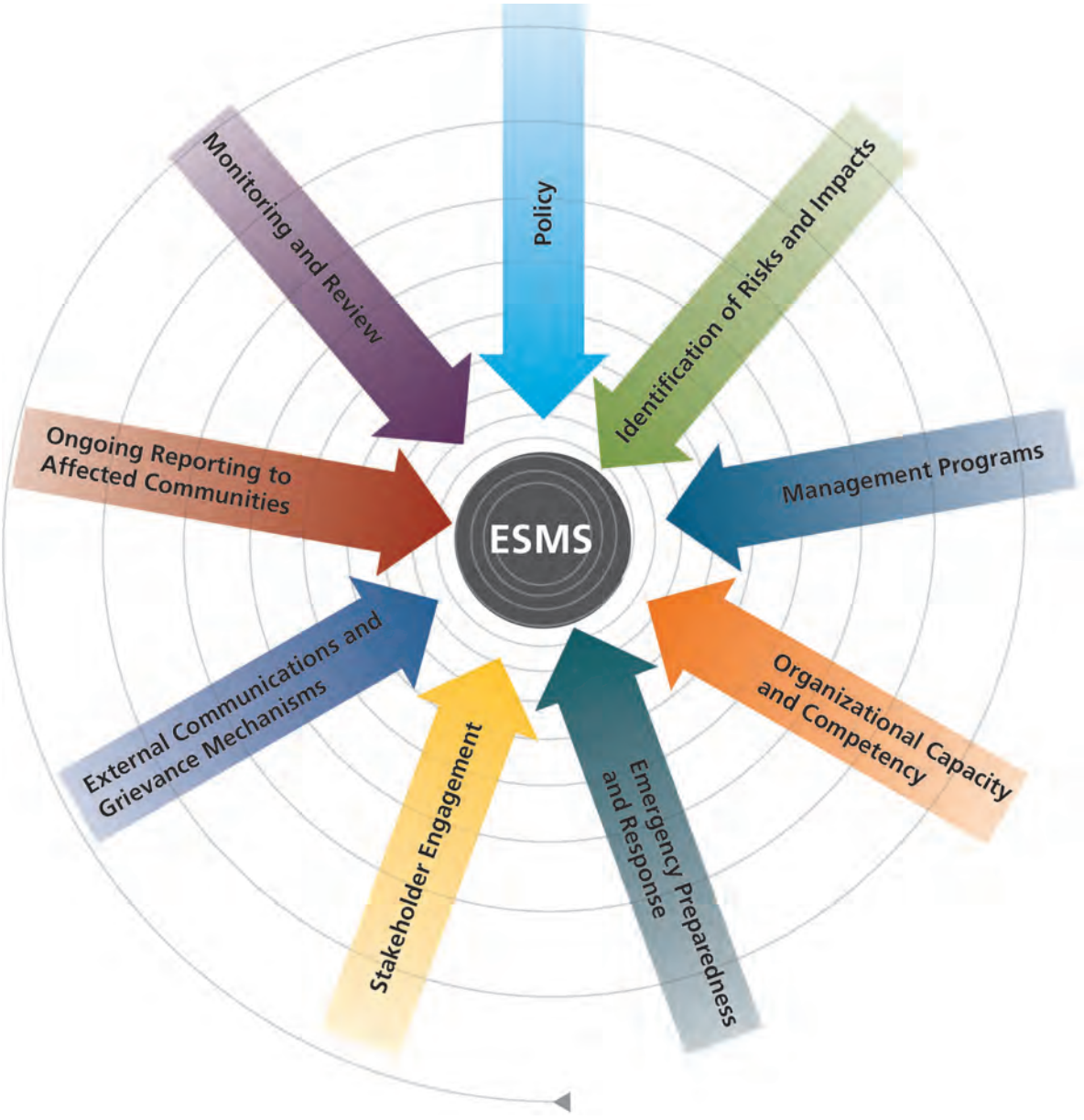
Measuring how effective the solution was, and analyzing whether it could be improved

Did you see the change you expected after implementing the actions?

In the workplace, an effective management system is comprised of trained, committed people routinely following procedures.

ELEMENTS OF AN ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)

A solid, functioning environmental and social management system (ESMS) is made up of interrelated parts. Take a look at the nine elements of an effective ESMS. Each of these elements is important, because they help you to assess, control and continually improve your environmental and social performance, as part of the Plan-Do-Check-Act cycle. The following section presents step-by-step instructions on how to develop and implement a system using these elements.



MEASURING AND IMPROVING

You can't improve what you don't measure.

A lot of companies in the food and beverage industry already have management systems for quality or food safety. If so, you may already have elements of an ESMS, and there is no need to replace what you already have. In this Handbook's companion publication, ESMS Self-Assessment and Improvement Guide, we provide a self-assessment rating for each of the ESMS elements. The self-assessment will allow you to measure your current level of system development and implementation. You will answer a series of questions and get your score for each element in the ESMS on a scale of 0 to 5 (5 is highest). The score measures the maturity of your system. Once you understand the maturity of your system, it is easier to target specific steps you can take to improve it.

THE SYSTEM MATURITY LEVELS (5 = HIGHEST)	
Level 5	Mature system implemented internally and with key supply chain partners – continual improvement embedded in operations
Level 4	Systems well developed and implemented internally – routine improvement projects
Level 3	Systems approach adopted, but development and implementation is inconsistent – improvement sporadic
Level 2	Limited system development with sporadic implementation – primarily reactive
Level 1	Little systems awareness or repeatable processes
Level 0	No systems awareness or repeatable processes

REMEMBER

A carefully developed, detailed ESMS is only valuable if it is well-implemented.

SYSTEM DEVELOPMENT AND SYSTEM IMPLEMENTATION

One of the most important things to understand about a management system is the difference between system development and system implementation. A management system is comprised of trained, committed people routinely following procedures. If you break this statement down, you see that it talks about "procedures." Procedures are the step-by-step way that people follow your policies. Procedures are the heart of effective system development.

Now let's look at the other part of the statement – "trained, committed people routinely following procedures." This is the implementation. There is a lot that goes into making it happen. Of course, some training is important to make sure that people are aware of the procedures and understand what they are supposed to do on a routine basis. But you also need to find a way to get their commitment.

One common observation is that large companies tend to be better at system development. But they often have difficulty getting people in different locations or departments to consistently implement the procedures, despite having well-documented systems. Small companies tend to be better at system implementation – if they have effective leadership. However, they are often weak at developing the documentation needed to ensure continuity when people in the organization change.

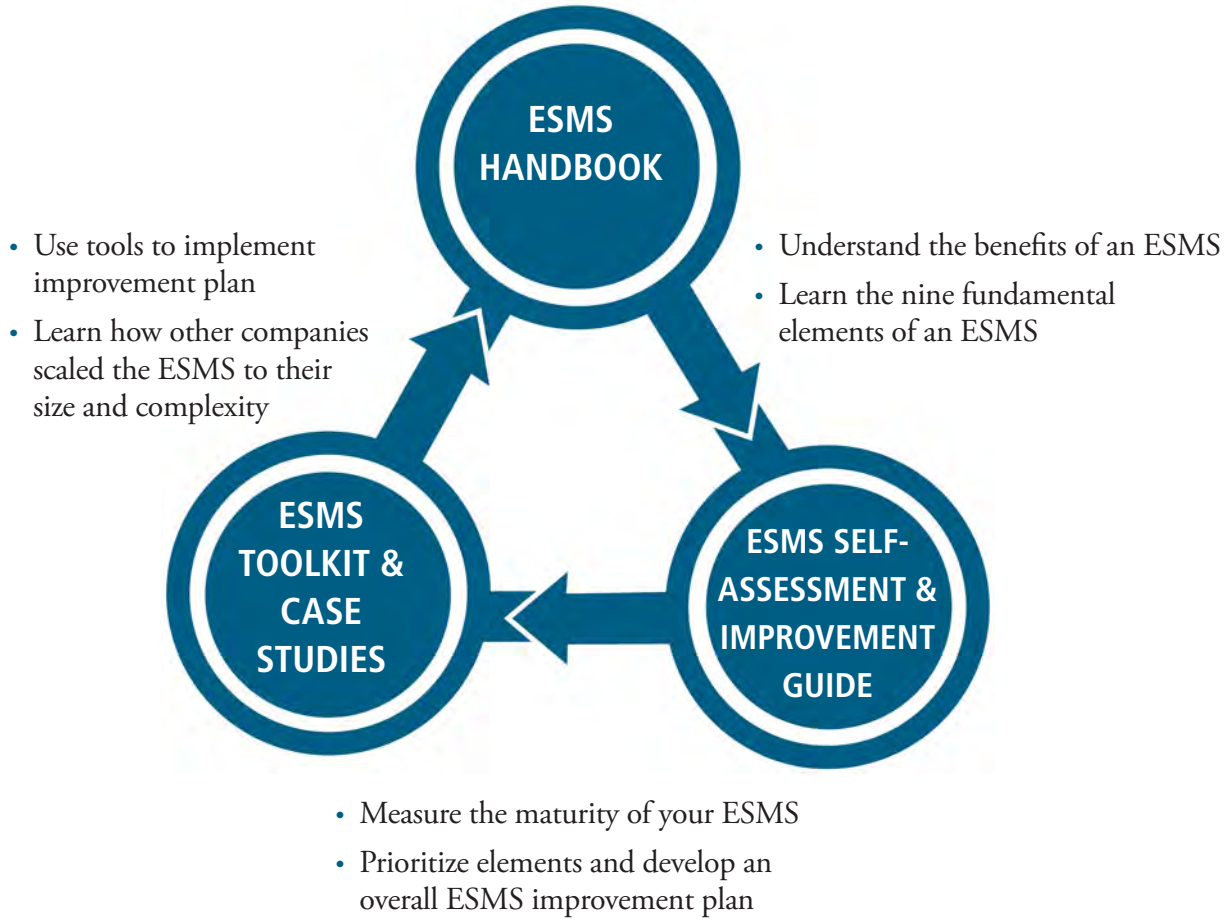
The approach of this Handbook and its companion publications, Toolkit and Case Studies and Self-Assessment and Improvement Guide, balances system development and system implementation in each of the ESMS elements.

DEFINITIONS	
System Development	The documented policies and procedures.
System Implementation	Trained, committed people routinely following the procedures.

An ESMS does not need to be complicated, but it does need to be documented and then put into practice. Some people mistakenly think a management system is just documents. But that is only a part of it. Management systems are about implementation and continual improvement.

USING THE HANDBOOK AND COMPANION PUBLICATIONS TO DEVELOP AND IMPLEMENT YOUR ESMS

The Handbook and companion publications are designed to help you measure and improve the maturity rating of your ESMS. The flowchart below shows how you can use these three publications in a cycle of continual improvement.



III

Practical Guidelines for Developing and Implementing Your Environmental and Social Management System

This section provides step-by-step instructions on how to develop and implement an ESMS.

For each element of the ESMS, we offer a quick way to measure where you are now.

When you find a toolkit icon, it means there is a tool in the companion publication *Toolkit and Case Studies* to make it easier to get started.

Policy

5 E&S policies and procedures clearly communicated internally and externally. Senior management commitment to continual improvement.

4 Full set of E&S policies, procedures and records, centrally maintained and routinely reviewed. Wide awareness in company.

3 Policies and procedures in place meeting selected E&S standards. Sporadic communication, implementation and review.

2 Policies in place meeting selected E&S standards. Sporadic, conflicting or confusing procedures.

1 Limited E&S policies in place.

0 No E&S standards adopted. No related policies and procedures.

The cornerstone of your ESMS is your set of policies. Your policies summarize the commitment that your company has made to managing environmental and social risks and impacts. They establish the expectations for conduct in all related aspects of your business.

PURPOSE OF AN EFFECTIVE POLICY

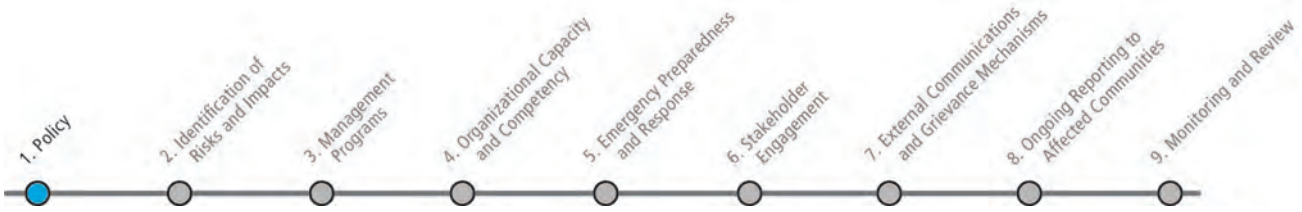
Simply put, the policies are the rules. They tell everyone what is allowed and what is not allowed when it comes to social and environmental issues such as labor and working conditions, resource efficiency and pollution prevention, and community health, safety and security.

A good practice for writing the policies and making them understood is a Policy Statement. The Policy Statement communicates your company's policies to your management, staff, board, suppliers, contractors, customers and all other stakeholders. It is important for everyone to have a common understanding of the core values of the company, how you expect people to behave and how external stakeholders can expect you to operate.

MODIFYING YOUR EXISTING POLICY STATEMENT OR CREATING A NEW ONE

The Policy Statement should be clear and simple – it does not need to be long and technical like a legal document. Many companies already have a corporate code of conduct that serves as a Policy Statement and includes issues such as ethics. You can expand your existing code to align with internationally recognized environmental and social standards for issues relevant to your business, such as the IFC Performance Standards for Environmental and Social Sustainability.

It is important to think through the creation of the Policy Statement and tailor it to your company operations. In developing your Policy Statement, be aware of the specific risks you face in the food and beverage industry.



GAINING SENIOR MANAGEMENT AND COMPANY COMMITMENT

Modifying or adopting your Policy Statement will require senior management support. In some companies, it may require approval from the Board of Directors. A high level of senior management support is critical for integrating environmental and social commitment throughout all levels of your company.

Committing to environmental and social policies probably requires some change in the behavior of your company, workers, contractors and suppliers. This can be challenging. There are different strategies and different techniques for changing organizational behavior, but experts agree that to create lasting change, senior management must be committed to the effort.

The first step is building awareness. There are many issues that occupy your employees' attention day-to-day. As just a written document, your Policy Statement may not get their attention or seem relevant to their daily activities. Senior management needs to make this Policy Statement come alive.

To do so, they need to communicate the importance of environmental and social issues, by making them an ongoing part of high-level Board and management discussions, public speeches, and messages to employees.

Once people are aware of the Policy Statement, the next step is building commitment – also known as "buy-in." You will probably meet resistance: "Why do we need to do this? It is too much work. I've already got enough to do. How does this help our bottom-line?" Senior management needs to effectively shape and communicate the message internally and externally. They need to send a clear message that this is a long-term commitment by the company. The key message is that this will contribute to the company's success and that each person will benefit - but that they will also be held accountable.

Use the Toolkit item **Checklist for Developing a Company Policy Statement** to get ideas of what you could include in your policy.

Once you have convinced people that they need to do something, senior management needs to drive implementation. They do not need to lead the effort on a day-to-day operational level, but they do need to adopt the policy and oversee the implementation plan. Resources will be necessary in order to communicate the policy internally and externally, integrate new procedures and train all relevant staff and suppliers.

Crafting the initial messages can be a good time to talk through the above stages with your senior management. Consider accompanying the Policy Statements with a message from the CEO.

Use the Toolkit item **CEO Letter Announcing the ESMS - Internal** to get started.

For any change initiative, think of three critical stages: Awareness; Commitment; and Implementation.

Your senior management can help you to accelerate all three stages.

Identification of Risks and Impacts

5 Mature system, routinely reviewed and updated as part of a continual improvement plan. Internal and external inputs. Procedures extended to contractors, subcontractors, third parties and supply chain as relevant.

4 Systematic, documented identification and prioritization of E&S risks and impacts. Routinely reviewed and updated across existing, new and changing activities. Wide awareness and engagement in company.

3 Awareness and engagement of staff in identification and prioritization of E&S risks and impacts. External experts involved as required.

2 Procedures in place for identification of E&S risks and impacts across all key activities.

1 Basic identification and assessment of E&S risks and impacts, but limited to a few activities.

0 No identification or assessment of E&S risks and impacts.

The primary objective of a risk assessment is to identify the potential negative environmental and social impacts so that you can develop the appropriate strategies to address them.

In the following pages, we present the key issues that come up in the food and beverage industry.

KEY RISKS IN THE FOOD AND BEVERAGE INDUSTRY

1. Environmental: Pollution Prevention and Resource Efficiency

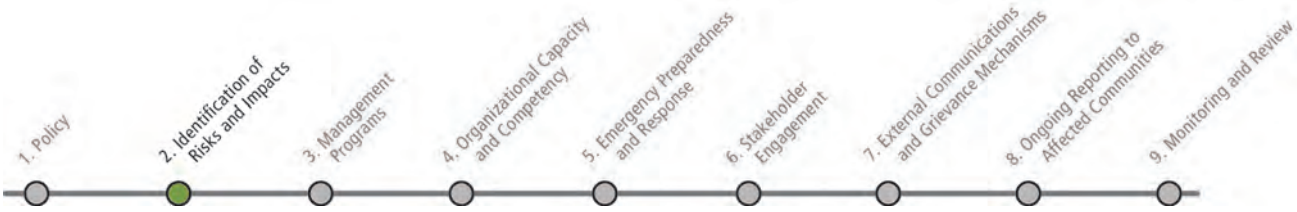
- Use of large amounts of freshwater
- Effluents containing large amounts of organic material and highly toxic substances (pesticides, fertilizers, biocides, pathogens)
- Emission of unpleasant odors
- Production of large amounts of organic waste
- Emission of particulate matter
- Energy consumption for heating and cooling equipment

2. Occupational Health and Safety

- Exposure to hazardous substances such as preservatives, smoke particles, refrigerants, and ingredients that can cause allergic reactions
- Exposure to pathogens and biological agents that can cause severe human disease
- Injuries related to falls, cuts, and strains from carrying heavy loads and repetitive work
- Exposure to extreme temperature conditions
- Exposure to unsafe levels of noise
- Exposure to unsafe levels of irradiation used to extend shelf-life of product

3. Labor

- Use of migrant/temporary labor
- Use of recruitment agencies/contractors
- Non-integrated supply chain
- Excessive overtime due to inappropriate production planning or inadequate contingency planning



4. Community Health, Safety and Security

- Emission of unpleasant odors which may be a nuisance for people living in the vicinity
- Exposure to disease vectors that could be transmitted from stored raw materials and organic waste
- Production of food not meeting food safety requirements
- Increased vehicle traffic due to transport of raw materials and finished products to/from the plant

There are different ways to conduct a risk assessment. One common method is to map your facility and production processes – this can highlight OHS and environmental risks. A common method for labor risks is to use a checklist of risk factors , such as employee demographics, regional labor laws, contracting arrangements, etc.

The following are key considerations for a robust risk assessment system:

- Cover environmental, OHS, labor and community risks;
- Conduct at regular intervals – at least once a year;
- Conduct any time there are significant changes to operations;
- Conduct any time there are external changes such as new laws or regulations;
- Include input from all levels of workers and managers;
- Include input from affected communities and other external stakeholders;
- Use external consultants and experts if your staff does not have the capability;
- Assess and prioritize risks according to both the severity and probability of negative impacts;
- Consider risks in your supply chain in addition to those in your company; and
- Scale as appropriate to the size and complexity of your business.

Top 3 risks and opportunities in the Food and Beverage industry

1 Beverage production requires large amounts of fresh water, which is also used for cleaning activities, cooling and heating. A reliable and sustainable supply of fresh water is essential for ensuring continuity of production. High-quality fresh water could be required in order to meet quality standards for products. There may be potential for optimizing the efficiency of water use, for preventing shortages and for addressing conflicts with other users of the same water resources.

2 Effluents from the food industry may contain significant quantities of organic material or highly toxic substances. High levels of nutrients and microbes can result in water pollution. Washing fruit or vegetables can contaminate water with pesticides, while the cleaning of production plants may lead to the pollution of water with biocides and detergents.

3 Food processing may also emit unpleasant odors. The processing of meat is usually associated with unpleasant odors,which may be a nuisance for people living in the vicinity.

Now that you have an understanding of the typical risks in the food and beverage industry, you can first use the **Risk Identification Worksheet** to identify your potential risks and negative impacts based on your operations and operating environment. Then you can use the **Process Mapping** or the **Physical Mapping** tools to identify in more detail where problems are likely to arise within your production process.

Often it is not possible or practical for you to deal with every single environmental and social impact that your company could possibly have. You can use the **Risk Assessment Form** to prioritize which risks should be addressed first.

For more information on environmental, OHS and community risks and impacts in your industry, consult the *WBG EHS Guidelines* at www.ifc.org/sustainability.

Management Programs

Management Programs are centered on Action Plans and improved procedures to avoid, minimize or compensate for the risks and impacts that were identified.

For example, if you have a policy commitment to avoid discrimination in the workplace and you have identified this as a risk factor based on the lack of a system for employees to express their complaints, you may implement a complaint procedure as a way to minimize the risk of discrimination. Or, if one of your policy objectives is the reduction of solid waste and you have identified this as a risk factor because of the high percentage of organic waste produced in your plant, you may take action by building a composting facility to avoid sending organic waste to the landfill.

5 — Verified progress against objectives and targets; significant improvements in E&S performance. Demonstrated commitment to continual improvement using annual improvement plans.

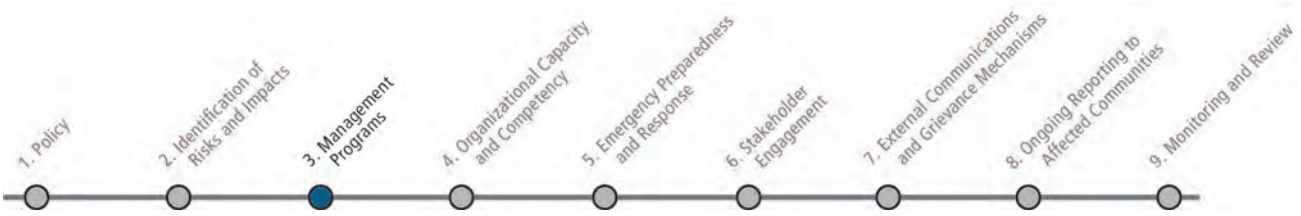
4 — Routine, consistent implementation of actions/activities to proactively manage E&S risks and impacts. Measurable company-wide objectives and targets. Periodic review and update.

3 — Actions/activities in place to manage E&S risks and impacts, following the mitigation hierarchy – avoid, minimize, offset/compensate. Proactive approach to managing issues.

2 — Procedures and assigned responsibilities to address and mitigate E&S risks and impacts across all key activities. Primarily reactive.

1 — A few informal programs or activities to mitigate E&S impacts. No systems awareness or repeatable processes.

0 — No process for mitigating E&S risks and impacts.



IDENTIFYING PREVENTIVE AND CORRECTIVE ACTIONS

It is good practice to emphasize preventive and proactive actions: (1) try to avoid causing social or environmental damage; (2) if not possible, then minimize the impact; (3) if not possible, then compensate or offset the damage.

First, attempt to take actions to avoid or prevent the negative impacts. For example, suppose you are expanding operations and have identified potable water as a key risk. You might change your new facility location or design it differently, so that you avoid contamination of groundwater close to homeowners and communities. Or, suppose you have identified a certain preservative process that exposes workers to toxic chemicals and pollutes the local river system. You might design your product mix to avoid this process or find alternate preservation methods.

MITIGATION HIERACHY

Prioritizing Your Actions

AVOID

▼

MINIMIZE

▼

COMPENSATE/OFFSET

In many cases, complete avoidance is not possible – you may not be able to relocate or find alternative processes or materials. In these cases, you should try to minimize the impact. For example, suppose that you are located in an area where women are traditionally given lower status and less access to education, and in the workplace they are often mistreated by male co-workers and supervisors. The local cultural context and the need to hire both men and women is unavoidable. It is important to pay attention to your recruitment, hiring and training procedures, to make sure that women are hired on equitable terms and given equal access to training and promotion opportunities. You can also develop non-discrimination procedures to ensure that rules for recruitment, hiring and training are clear for everyone to follow. Additionally, you can conduct training to make sure that everyone is aware of and follows the procedures.

In some cases, it may not be possible to completely avoid or minimize certain negative impacts. Then you should find ways to offset them with comparable positive impacts or provide compensation to those impacted. For example, suppose your operation uses a large amount of water. Despite taking action to minimize water consumption, there are still periods of the year when water becomes scarce in the local community. You might collaborate with community leaders to dig new wells or provide alternate sources of drinking water.

SHORT CASES

Here we present several short cases that illustrate some of the actions that companies can take to avoid, minimize or offset/compensate common environmental and social key risks in the food and beverage industry. Action Plans can be scaled to the size of your company and the nature of the risks you face.

Meat Processing Company
RISK: Emissions of foul odors and dangerous vapors

A meat processing company operates from a small facility located in the heart of Bangkok. About 85 percent of the production is supplied to food service businesses, hotels, restaurants and fresh markets. Therefore, it is crucial for the company's profitability that it operates in the city to minimize the transportation and warehousing costs. As the company has increased production over the past few months, there have been several cases of ammonia leakage from the refrigeration, causing a foul odor, as well as dangerous vapors. Neighbors are also complaining of foul odors, which are coming from the rendering of waste.

IMPACT

- Concerns and complaints from community/neighbors
- Worker illnesses due to exposure to ammonia

AVOID

- Contract specialized services for ammonia refrigeration plant preventive maintenance and repairs
- Provide training to personnel responsible for operation of the refrigeration plant
- Inspect ammonia refrigeration equipment and eliminate ammonia leaks
- Ensure all regulatory requirements related to building codes, ammonia storage and use and safety/labor codes are met, monitored and reported on a regular basis
- Segregate wastes that may be used for animal feed and dispatch these wastes to farms where the wastes may be consumed (e.g. blood meal for fish)
- Store, transport and dispose of waste as per the regulatory requirements to prevent foul odors and discharge to air, water or land environment

MINIMIZE

- Minimize leakages of ammonia during handling/replacement of the ammonia cylinders, regulators, manifolds, etc. and during purging operations
- Minimize ammonia exposure to employees through proper training, appropriate PPEs and adequate ventilation in the operation area
- Consider production and distribution planning to minimize cold storage requirements
- Reduce volume of wastes generated by improving meat processing operations
- Reschedule raw materials receipt and production timing to reduce requirement for refrigeration and cold storage

OFFSET

- Engage in active consultation with neighboring facilities and settlements and regulators to address their concerns
- Provide necessary information and training to the neighboring units on emergency procedures related to ammonia leakage
- Pay for medial checkups of workers (e.g. pulmonary capacity tests) and compensate as needed

CASE STUDY: INDIA

Beverage Company
RISK: Excessive, inefficient water use

Based on the high demand during the summer season, a beverage company in Andhra Pradesh, India wishes to expand its capacity by about 30 percent. As per the regulatory requirements, the company is required to have the necessary environmental permits to expand and operate from the State (provincial) Pollution Control Board (PCB). However, as the region is already experiencing severe water shortage, the PCB is not willing to provide the "consent to establish" (permit for expansion). After repeated attempts, the company is granted a conditional permit allowing it to expand its capacity by 30 percent, provided there is no additional fresh water withdrawal.

IMPACT

- Depletion of local water resources (ground and surface water)

AVOID

- Develop water balance for specific processes and estimate consumptive and non-consumptive water usage
- Benchmark water use against industry standards
- Conduct process mapping to identify and prevent all water losses, including pilferage, transmission losses due to seepage (exfiltration), leakage, evaporation, etc. and inefficient/unnecessary water usage
- Modify/replace water-intensive or wet processes with zero-water or water-efficient technologies (e.g. sweeping with brooms vs. sweeping with water)
- Identify and implement decentralized water recycling/reuse techniques in specific operations (e.g. using final rinsing water from CIP or bottle washing for pre-washing operations)

MINIMIZE

- Install decentralized water meters and monitor and reduce water consumption in specific operations/processes
- Reduce water consumption by minimize water usage in non-consumptive processes (e.g. floor cleaning, vessel cleaning, CIP, bottle washing, etc.)
- Equip water hoses with water-saving nozzles, high-pressure nozzles, spring closures and other water-saving devices
- Plan and implement water conservation awareness and training program for workers, supervisors and managers
- Participate in and promote Integrated Water Resources Management processes in the region

OFFSET

- Develop and implement rainwater harvesting programs
- Reduce demand by others through adequately treating the industrial wastewater and finding alternative applications for the treated wastewater (e.g. irrigation, horticulture or as raw water resource for other local industry or potable water treatment plants)
- Engage in active consultation with local communities, regulators and NGOs to address water concerns in the region

Fruit processing factory
RISK: Supply chain

A factory in South Africa produces juice and packaged fruit, with a variety of products across different seasons. The factory has recently expanded operations, installing new equipment and adding 100 new workers, for a total of 300. With the expansion, the factory expects to quadruple its production, mostly exports to the European market. To meet production targets, it needs to add new suppliers of fruit, mostly from the Western Cape area. There has been increasing demand from both domestic and European consumers for ethically made products, and the factory participates in the ethical trade program recently launched by the South African fruit industry. The program involves labor standards audits at the factory, and training for workers and managers. However, the factory management is concerned about recent reports of wide-scale labor abuses in South African farms and vineyards.

IMPACT

- Social and labor violations in supply chain including forced labor, child labor, inadequate remuneration, excessive working hours, discrimination, poor disciplinary practices, restrictions on freedom of association and health and safety risks at supplier farms

AVOID

- Develop well-defined labor policies based on international norms in the supply chain; communicate policy to purchasing managers and supplier farms
- Make policies contractually binding under purchasing agreements with supplier farms
- Provide training and capacity building to purchasing managers and supplier farms, about labor policies and procedures and management systems
- Periodically monitor and audit the supplier farms for their labor performance as per the organization's own policies and procedures

MINIMIZE

- Select and reward supplier farms on labor criteria in addition to price and quality

OFFSET

- Assist the supplier farms in remediation of labor violation cases
- Assist the supplier farms in identifying the root causes for identified labor violations and assist them in implementing suitable corrective action and preventive actions
- Work with the supplier farms to make sure that the affected workers are suitably remediated and compensated as per established policies and procedures

Meat-processing plant

RISK: Worker exposure to chemicals and vapors due to lack of adequate ventilation

A 50-worker meat processing plant in Brazil occupies the basement and three floors of a building in an urban area of São Paolo. The main customers are retailers within the city, so the location of the plant is strategic - it helps to minimize transport and refrigeration costs. Commercial rents in São Paolo have been increasing, so the plant managers want to maximize the use of space by including the basement. Workers are concentrated in the basement, where they handle chemicals used in meat preservation. The basement also houses the large refrigerators that are used to store the meat – these refrigerators are not properly vented and expose workers to toxic ammonia vapor from the cooling system.

IMPACT

- Worker illnesses due to exposure to chemicals and vapors
- Emergency situations due to major leakage, fire or other immediate evacuation requirements

AVOID

- Contract specialized services for ammonia refrigeration plant preventive maintenance and repairs
- Provide training to personnel responsible for operation of the refrigeration plant
- Inspect ammonia refrigeration equipment and eliminate ammonia leaks
- Move refrigeration plant to an upper floor to increase air ventilation
- Move production and processes requiring chemical handling from basement to upper floors. Basement could be used for non-hazardous/non-flammable material or simple operations that do not require chemical handling
- Ensure all regulatory requirements related to building codes, ammonia storage and use and safety/labor codes are met, monitored and reported on a regular basis

MINIMIZE

- Minimize leakages of ammonia during handling/replacement of the ammonia cylinders, regulators, manifolds, etc. and during purging operations
- Minimize ammonia and meat preservation chemicals exposure to employees through proper training, appropriate PPEs and adequate ventilation in the operation area
- Provide necessary information on hazards of ammonia exposure to workers using MSDS and ICSC
- Install ammonia detection systems with visual and audible alarms; train workers on emergency response, evacuation and rescue procedures

OFFSET

- Pay for medical checkups of workers (e.g. pulmonary capacity tests)
- Provide medical assistance for cases of workplace related injury/illnesses
- Compensate injured workers for wages lost
- Compensate for loss of life and loss of ability to work

Beverage Company
RISK: Disposal of hazardous solid waste

A beverage company in South India generates more than 1000 tons of sludge from its wastewater treatment plant every year, which requires proper disposal. For years, the beverage company officials claimed that this sludge is a good fertilizer and made it available to the local farmers free of cost. After many years of use of this sludge as fertilizer, the local farmers have claimed that the land and water in the region is contaminated with toxic chemicals and the crop quality and yield have been severely affected. Soil and water samples from the surrounding region sent for testing by some NGOs and media representatives were found to be contaminated with high levels of cadmium, lead, chlorides and other toxic chemicals.

IMPACT

- Land contamination
- Groundwater contamination and surface water contamination through run-offs
- Stakeholder concerns and disputes with local communities

AVOID

- Sample and analyze wastewater streams to identify the sources of pollution
- Provide bins for separate collection of all non-process waste (chemicals, detergents, used/waste oil, batteries, etc.) and dispose off-site; prevent hazardous waste from entering the wastewater stream
- Investigate, prevent and substitute all chemicals, detergents and paints from the beverage bottles that may be responsible for leaching heavy metals into the wastewater streams
- Segregate, collect and treat wastewater streams from bottle-washing plant separately and send the Effluent Treatment Plant (ETP) sludge to hazardous waste disposal facility
- Stop distribution of sludge to local communities and send all sludge/solid waste to a hazardous waste disposal site if needed

MINIMIZE

- Minimize sludge generation in wastewater treatment by pretreatment of wastewater (e.g. filtration) and treatment chemical substitution
- Provide training to employees on regulatory requirements and waste handling including identification and disposal of hazardous waste

OFFSET

- Engage with affected stakeholders/community members and asses the level of impact on them due to the use/exposure to toxic and hazardous waste (sludge)
- Identify the extent of the problem; analyze the concentration of cadmium and lead in soil samples and compare to the background concentration levels of these elements in the area
- Consider initiating or supporting the remediation of contaminated sites with the help of regulators and/or competent agencies

CASE STUDY: BRAZIL

Dairy Company
RISK: Discharge of untreated or ineffectively treated wastewater

A medium-sized multinational company operating from northern Brazil produces multiple food products, including skimmed milk powder, bottled fruit drinks and different chocolate brands. The company generates about 600 cubic meters (m3) of wastewater from its various processes, which include bottle-washing and other industrial processes. The water is treated and discharged into a nearby river. In recent months, there have been increased complaints from the downstream communities that the river water has turned black or very dark, there are fish kills, there is a foul smell coming from the river water, and the quality and quantity of fish is affected. The river water is not suitable for irrigation because it is plasticizing the soils and impacting irrigation activities. The company officials deny that these impacts are due to its operations, but have admitted some malfunctions have occurred in its wastewater treatment plant.

IMPACT

- Contamination of surface water/downstream river

AVOID

- Investigate and reduce all sources of wastewater and minimize non-consumptive water usage
- Develop water balance to manage supply and usage
- Modify/replace water-intensive or wet processes with zero-water or water-efficient technologies (e.g. sweeping with brooms vs. sweeping with water)
- Replace or minimize the use of potentially toxic or hazardous substances that may contaminate wastewater
- Collect nontoxic and uncontaminated concentrated liquid wastes for sale to pig farmers or cattle farmers (if possible), thereby reducing the overall load on the effluent treatment plant (ETP)

MINIMIZE

- Optimize effective wastewater treatment by evaluating and improving the operations of the Effluent Treatment Plant (ETP):
  - Analyzing the ETP "inlet" and "outlet" characteristics and other operating parameters
  - Evaluating treatment works for hydraulic and or organic slug flows such as bottle and equipment washing; adjust to an integrated flow rate that matches the design flow
  - Minimizing fluctuating loads on the ETP by having a collection and "equalization" sump before treatment or temporarary holding facility
  - Scheduling and staggering bottle washing and other water-intensive operations
  - Installing interlocking system to ensure ETP shutdown during any malfunction; convey untreated wastewater to a temporary holding facility to prevent discharge of untreated effluent
  - Providing adequate training to the effluent treatment plant (ETP) operator and ensure the ETP is operated and maintained as per the recommended operating criteria (such as design flow) and standards
- Stop sludge bulking and overflow through adequate desludging and other management techniques
- Analyze treated wastewater for its compliance before its final discharge
- Consider having separate treatment facilities for toxic/chemically contaminated wastewater streams (e.g. wastewater from bottle washers contaminated with detergents or other chemicals)

OFFSET

- Engage in active consultation/engagement with local communities, regulators and NGOs to address water concerns in the region
- Adequately treat the industrial wastewater and find alternative applications for the treated wastewater, e.g. irrigation, horticulture or as a raw water resource for other local industry

CASE STUDY: CANADA

Meat processing plant

RISK: Poor infrastructure, process and equipment design

A meat processing plant employing 400 people has had 200,000 pounds of processed beef recalled after being linked to 18 consumers getting sick from E. coli bacteria. The plant's operating license has been suspended pending detailed inspection of the sanitary conditions, equipment, procedures and facilities. Initial reports suggest employee and animal sacrificing hygiene practices are poorly informed and executed, and slaughtering practices are being observed by the state veterinarian to determine where there are breakdowns in internationally recognized good manufacturing practices (GMPs). In addition, swab tests are being collected from selected carcasses. E. coli can result if feces from an animal's intestines or hide spread onto the tools for butchering and also onto employees' hands, clothing and boots if cross-contamination steps in all aspects including employee hygiene, toilet use, hand washing and other practices are not addressed thoroughly. Each day, 4,500 cattle are slaughtered at the plant, a total that a previous audit of the facility suggested was a "strain on the system" with "high potential for problems." According to interviews conducted by the auditor, workers complained of having just a few seconds to pick up a sterilized knife and complete the gutting. The auditor noted this has inevitably led to worker fatigue, which can lead to mistakes during butchering and consequent contamination by the animal feces.

IMPACT

- Risk to consumers' health due to consumption of contaminated and E. coli infected product
- Product contamination and exposure of workers to pathogenic bacteria due to poor infrastructure, process design and personal hygiene
- Occupational health and safety risk because of worker fatigue in butchering section (due to inefficient and poor process design)

AVOID

- Design and implement HACCP plan to prevent product adulteration and eliminate products exceeding the "critical limits":
  - Establish and implement "operational prerequisite programs", including GMP and SSOPs
  - Establish and implement systems for verifications at regular intervals
  - Establish and define "food chain," conduct a "food safety hazard analysis" and determine the "acceptable levels"
  - Identify the "critical control points" and determine "critical limits" for all critical control points
- Optimize the operation process at slaughtering by employing effective sanitary dressing procedures during slaughter
- Inspect and improve employee sanitary facilities for proper operations and train employees on personal hygiene
- Ensure boot wash, hand wash, clothing appropriateness and associated cross-contamination stations and activities are functioning as designed and as required by GMP
- Ensure adequate staff for operations
- Implement more frequent testing

MINIMIZE
• Train and re-train employees on GMP, personal hygiene and prevention of food adulteration
OFFSET
• Engage with key stakeholders, such as regulators, food authorities, customers, consumer groups, NGOs and media, to address their concerns and communicate on the steps taken by the organization to ensure consumer health • Effectively communicate the organization's food safety policy and the organization's response to the E. coli outbreak to consumers and other stakeholders through print and electronic media campaign, social networking sites and other formal and informal events • Recall the affected lot; recall all the product if no traceability system in place • Appoint a a key staff person from senior management and make him/her available to receive and respond to consumers grievances

CASE STUDY: CHINA

Bakery and confectionery

RISK: Excessive overtime hours and hour averaging

A baking facility in China employs 50 workers in a one-shift operation. The facility supplies local markets and there is typically a 20-30 percent fluctuation in demand for certain holidays and seasons. Supplies of flour, milk and eggs are usually delivered once a week and stored at the facility. Sometimes there are delays from the suppliers, so the facility cannot run at full capacity and the workers do not work their full shifts. The facility compensates for the lost production by having the workers work extra hours in the late evening once supplies become available. In addition, due to the short shelf-life of supplies, the facility often runs its operations past normal working hours to prevent waste. The extra working hours are then averaged over the month so the workers do not receive overtime premium pay.

IMPACT

- Non-payment of overtime work at premium rate

AVOID

- Develop organization's policy on remuneration and working hours; communicate policy to workers, supervisors and managers
- Remunerate workers for their regular and overtime working hours based on regulatory requirements and industry norms; all overtime should be limited, voluntary and be paid at premium rate
- Provide training to managers and supervisors on production planning
- Consider operating two shifts to meet demands of fluctuating schedules and production requirements

MINIMIZE

- Engage with customers and suppliers and agree on systematic planning to minimize uncertainties in demand of products and supply of raw materials
- Provide workers with periodic and clear records of pay calculations including worked overtime and received compensation

OFFSET

- Retroactively compensate for overtime work at the established overtime rate

Ready-made salads processing plant

RISK: Use of third party migrant workers

A vegetable processing plant in the United States has 100 permanent workers and 300 contract workers. The contract workers are placed at the factory by a recruiting agency. The factory management prefers this arrangement since the plant is in an area where it is hard to find workers willing to take seasonal work. The agency brings migrant workers to fill the demand. It is responsible for recruiting and transporting the workers, and for training and paying them. The factory supervisors and permanent workers are from the local area and speak English. They are well aware of their rights under US labor law and feel that the factory is a good place to work. They feel that there is a challenge in working with many of the contract workers, who only speak Spanish and do not seem to have the same level of skills and awareness of their rights.

IMPACT

- Discrimination against contract or migrant workers
- Forced labor/human trafficking

AVOID

- Decrease company's reliance on temporary workers
- Use only legally accredited recruitment agencies
- Develop adequately defined hiring and remuneration policies and terms of employment for contract/migrant workers; communicate policies to workers, supervisors, managers and recruitment agencies
- Ensure organizational labor policies are understood by the recruitment agencies; make policies contractually binding under the service agreement with recruitment agencies
- Periodically monitor and audit recruitment agencies' labor performance as per the organization's own policies and procedures and local law

MINIMIZE

- Make sure that contract/migrant workers are informed (in all applicable languages) on their rights including wages, benefits and deductions
- Agree with recruitment agencies on reasonable deductions for housing, transport and other services provided to contract/migrant workers
- Make sure all contract/migrant workers receive contracts and periodic clear records of pay calculations in their native language
- Implement a grievance mechanism accessible to both permanent and temporary workers
- Periodically talk to contract/temporary workers on complaints and opportunities

OFFSET

- Make sure that workers are reimbursed for illegal deductions made by recruitment agencies
- Retroactively pay workers whose compensation did not meet legal minimum wage (or agreed contract value if higher than legal minimum)

CASE STUDY: VIETNAM

Fish processing plant

RISK: Discharge of organic solid waste into surface waters

A fish and shrimp processing facility employing 100 people discharges solid waste directly into the surrounding estuary water. Although it is an organic substance, waste from fish processing can deplete oxygen levels in the receiving water through bacterial decomposition. Other waste elements can increase salinity and temperature or depress pH levels, affecting local communities that are dependent on the estuary's fisheries.

There is also further concern over the effect of methods used by supplier farms to the factory on safe water supplies due to lack of oversight. For example, a nearby 150 hectare shrimp farm is one of several that uses pig and geese manure as shrimp feed (which is cheaper than commercial feed), with the possibility of contaminating the estuary's water with antibiotics and pathogens present in the manure.

IMPACT

- Adverse impact on the estuary water quality through depletion of dissolved O_2 levels
- Adverse impact on the aquatic life
- Adverse impact on the livelihood of the local communities
- Adverse impact on the health of local community due to contamination of estuary and affected aquatic life

AVOID

- Prevent all solid waste disposal near estuary
- Substitute pig and geese manure with commercial shrimp feed; eliminate raw manure use

MINIMIZE

- Establish, implement and monitor waste disposal plan in line with the regulatory requirements and industry best practices
- Provide training to the employees on waste management, regulatory requirements and the organization's procedures on waste handling and disposal

OFFSET

- Engage with key stakeholders, including regulators, NGOs and local communities, to address their concerns and communicate on the steps taken by the organization to prevent any further contamination to the estuary
- Identify the affected community members and provide suitable compensation for the loss of livelihood. Compensation could be provided in terms of alternate employment opportunities, financial compensation, and/or providing vocational training to assist them in enhancing their employability

WRITING AN EFFECTIVE ACTION PLAN

Whatever actions you decide to take, think of them as a continual improvement process - you will need to set targets, set deadlines, measure the results, and adjust the plans if necessary. You need to assign responsibilities and start to involve the right internal people and departments.

Use the Toolkit item **Action Plan Chart** to get started.

As you develop your Action Plans, these are the key questions that you need to think about:

- **What** – environmental and social risks you want to address
- **How** – related actions and procedures to be implemented to address the risk
- **Why** – reasons (objectives) for the actions and procedures, and the expected results (targets)
- **When** – timeframe and deadlines
- **Who** – responsible people

The above examples address some of the risks highlighted in the industry. These are just some of the actions that might be taken. You can adapt them to your situation and add as needed – be flexible to meet your company's specific situation. As you tailor your action plans, consult with your workers and managers, experts and external stakeholders, including your suppliers and community. They can offer insight into important issues and effective actions. They can also help you obtain commitment for plans you are trying to implement, and provide candid feedback about how well the plans are working. This will be critical to the continual improvement of your systems.

WRITING AN EFFECTIVE PROCEDURE

Procedures serve as step-by-step instructions for workers, supervisors and managers. They allow for everyone to have a common understanding of how to behave. They enable the rules to be followed even when there is staff turnover. Clear, detailed procedures help to embed your social and environmental policies into your daily operations.

Use the Toolkit item **Outline of Procedure** and the **Sample Procedure Flowchart** to get started.

It is a good practice to document your procedures. The key is to make your procedures as clear and as brief as possible. You can use text, checklists, flowcharts, or simple illustrations. The format for your procedure can vary depending on the audience. A written procedure may be more appropriate for managers and supervisors, while illustrations may be useful when dealing with less literate or immigrant workers. Keep your procedure as short and simple as possible.

Simply documenting a procedure is not enough. Effective implementation is the ultimate goal. Most importantly, employees need to be aware that a new procedure exists and understand why it is important to follow. They need the skills and knowledge to be able to implement it. This is achieved through routine communication and effective training. You will learn more about this in the next chapter, Organizational Capacity and Competency.

Finally, you must ensure that your employees have access to the current version of each procedure. Out-of-date documentation should be removed or clearly marked as outdated to ensure that no one unintentionally follows the old procedure.

For recommendations on how to address environmental, OHS and community risks and impacts in your industry, consult the *WBG EHS Guidelines* at www.ifc.org/sustainability.

Organizational Capacity and Competency

A well-implemented ESMS is ultimately about trained, committed people. How do you make that happen?

5 All levels of the company are trained and engaged – multiple units and workers as well as managers. E&S staff has implementation authority. Management commitment is reflected in resources devoted to E&S management and training.

4 Multiple units have E&S responsibilities, and senior management is involved. E&S is managed as an inte- grated system. New staff receives some E&S management guidance.

3 All levels of the company are involved in aware- ness training. E&S roles and responsibilities are assigned and part of daily operations. E&S staff is trained and competent.

2 E&S roles are defined and assigned. Each issues is handled only by one func- tional area. Some aware- ness training is provided at orientation and addi- tional training is provided for EHS staff.

1 No assigned staff with E&S management respon- sibilities. Some limited awareness and E&S roles and responsibilities start- ing to get defined. No systems awareness or repeatable processes.

0 No internal awareness and no formally assigned responsibility for E&S.

ROLES, RESPONSIBILITIES AND AUTHORITIES TO IMPLEMENT THE ESMS

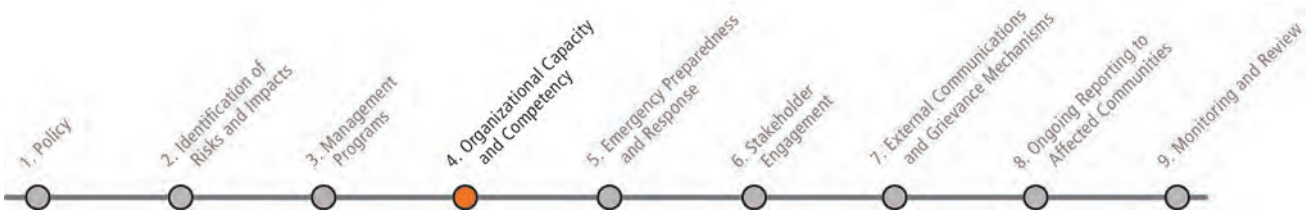
First, you need senior management commitment. Senior management commitment starts with adopting the ESMS policies, but it must go beyond that. Senior management support is critical to implementing a sustainable ESMS. It is the responsibility of senior management to lead the effort. They don't have to lead the effort on a day-to-day basis, but they do need to send a clear message, to all employees at all levels, that this is a long-term commitment by your company.

Beyond senior management commitment, you need a team that takes responsibility for the ESMS. This does not need to be a full-time job for anyone, but senior management needs to ensure realignment of reporting duties, allocation of appropriate time and authority to carry out the work involved.

A well-balanced ESMS Team is a prerequisite for meaningful engagement with your peers and colleagues. It should include knowledgeable profes- sionals from environment, health and safety, operations or production, contracts and purchasing, human resources, for example.

In fact, the success of a management system depends on departments that have traditionally been seen as beyond the reach of environmental and social issues, such as human resources, production, procurement and main- tenance. For example, human resources manages training needs related to the labor aspects, production focuses on the more efficient use of resources and the reduction of waste, procurement manages the qualifications and performance of suppliers and contractors, and maintenance ensures that the equipment runs efficiently and that spills, leaks and other emergency situa- tions are minimized.

The ESMS Team should not work in isolation when identifying risks and impacts, developing improved procedures, designing actions plans, etc. To be truly effective, the ESMS Team needs to consult with people from all levels of the company, including including supervisors and workers, as they are key frontline identifiers of problems.



As with the overall management system, the team should be scaled to the size and complexity of your company. Your organization might not have multiple departments with distinct roles; maybe a few people cover several functions. The key is to involve people across the range of functions. If a team already exists in your company (e.g. fire safety team, health and safety committee) consider building your ESMS Team upon it.

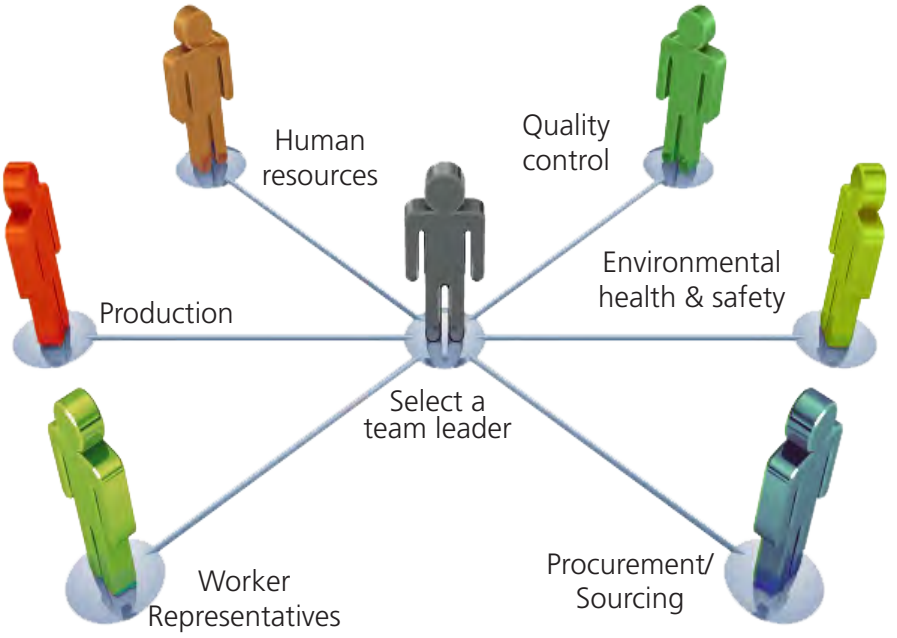
Once the ESMS Team is selected, they need to select a team leader. This is an important role, especially in the beginning. The team leader needs to set the tone for the group and keep people motivated. All new initiatives in a company face hurdles, and developing and implementing an ESMS is no exception. The team leader needs to help the team overcome the inevitable hurdles, and should have direct access to senior management.

Take a look at the Toolkit item **Roadmap and Time Estimate for Developing and Implementing an ESMS** in the Toolkit and Case Studies for a list and sequencing of activities to develop and implement an ESMS.

When selecting a team leader, look for someone who has the following qualities:

- communicator;
- problem-solver;
- project manager;
- pragmatic; and
- respectful to all.

EXAMPLE OF AN ESMS TEAM



COMMUNICATION AND TRAINING

Now that you have identified the actions to be taken and updated your procedures, you need trained, committed people who follow the ESMS procedures. This is the end goal of communication and training.

There are three key steps that build on each other:

1. They need to be aware of the ESMS.
   - What is it?
   - What are its goals?
   - What do I need to do?
2. They need to understand that the ESMS is necessary and will improve the company.
   - How does this help our company?
   - How does it help my department?
   - What will change?
   - What is in it for me?
3. They need to obtain the skills and knowledge to be effective in their roles.
   - What are the new policies and procedures?
   - What exactly do I need to do?
   - How do I do that?
   - What will happen if I don't do it?

TIP

Effective Communication and Training

Ask yourself if the goal of this specific communication or training module is to build awareness, to gain commitment and/or give people the knowledge and skills needed to implement.

Your ESMS Team needs detailed training so they can develop the necessary knowledge and skills. They will need to understand the basics of the Plan-Do-Check-Act cycle and know the nine elements of an ESMS. This Handbook provides the information they will need, but additional help may be necessary. In addition to the detailed training of the team, everyone will need to receive awareness training so there is a shared understanding of the goals of the ESMS.

The chapters in this Handbook provide an easy way to structure efficient general training. You can give everybody an overview about what you have learned here about developing and implementing an ESMS.

You may also need to provide training that is specifically related to your Action Plan and new operating procedures.

Examine the specific actions and who is going to be involved. This is a quick way to determine what training will be needed by the various departments and people in your company. Ask yourself what knowledge and skills do people need to effectively implement new procedures, carry out allocated responsibilities and complete the action plan.

Use the Toolkit item **Training Plan Worksheet** as template and tie it to your Action Plans and improved procedures.

Emergency Preparedness and Response

Even when you have considered all the risks and put the appropriate management programs in place, accidents and emergency situations can happen.

Your business is a dynamic operation, and many things change from day to day – people go in and out of your workforce, materials and suppliers enter and exit your supply chain, facilities and equipment are added to and removed from your production line. A management system will help to maintain continuity and consistency throughout these changes. However there may be momentary lapses or gaps in the system (e.g. someone not properly trained, someone not following the procedures, a machine breakdown), or an external force (e.g. natural disaster) that can lead to an accident or emergency situation at your facility. While it is not always possible to prevent such situations, you can be prepared to respond effectively to prevent and mitigate any harm to your workers, community and the environment.

5 Regular engagement with local community and government for onsite and offsite emergency plan. Formal resource-sharing agreements with neighboring companies.

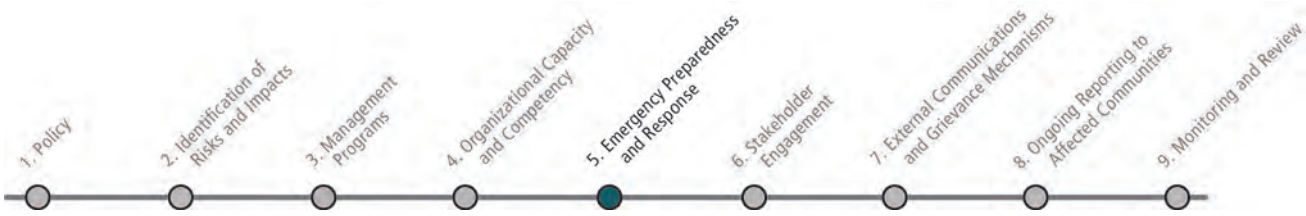
4 Senior management and all units and shifts, including contract and temporary workers, participate in emergency risk assessment, preparedness planning and mock drills. Continual improvement.

3 All onsite and off-site emergency issues have been identified and an effective preparedness plan is in place. The plan meets the local regulatory requirements and the local industry best practices.

2 The emergency preparedness plan is in place, but there is no evidence of consistent implementation. Some trainings are provided to the workers on emergency requirements.

1 Emergency management planning is not effective, as all emergency risks have not been identified. Occasional trainings are provided to workers.

0 Very limited emergency control and personal protective equipment. No formal plan in place.



The key to effective response is effective preparation. The following steps will help you to anticipate the possible scenarios and prepare accordingly:

- Identify the areas where accidents and emergency situations may occur, and communities and individuals that may be impacted. This should begin during your overall risk and impact assessment, through your process analysis, physical mapping and consultations with workers, experts and the community.
- Develop response procedures for each identified emergency situation that clearly explain what actions need to be taken. These need to be detailed clearly for everyone in your company to understand what he or she needs to do.
- Provide the necessary equipment and resources to effectively implement the response plans. A stockpile of fire extinguishers does not put out fires, unless people can effectively find and use them when needed. Think about equipment that is easy for people to use and is located where it can be immediately accessed during accidents and emergencies.
- Assign responsibilities so that each activity has people responsible for carrying it out. Also designate people who will routinely analyze how well the system is working and update the risk assessment and plans.
- Communicate so that everyone in your company understands the importance of the emergency preparedness and response system and is encouraged to help monitor and improve its effectiveness. Also include people in the community who may be affected.
- Provide periodic training so that everyone in your company has an overview of the system, and knows the response plans. Don't just lecture about what to do – ask for input on what needs to be addressed and what can be improved. Even with the most detailed procedures and plans, people will need to exercise individual judgment and adapt to quickly changing situations. This is more likely to happen if you engage people in all aspects of the system beforehand.
- Work with government agencies and community groups to identify areas where you can collaborate to respond effectively to internal and external situations.
- Conduct periodic checks and drills to see how well the system is working and to re-assess the risks to reflect changing conditions. Incorporate your findings to continually improve your system.
- Remember, it is essential that the emergency response plan be site specific. Even if you have similar operations at two different sites, it does not mean that the same emergency plan would be effective at both locations. An emergency response plan at each site should be independently reviewed for its suitability and effectiveness.

Look at the **Sample Fire Response Procedure** and **Sample Ammonia Leakage Preparedness and Response Procedure** Flowchart for examples.

An Emergency Preparedness and Response Plan should include:

- identification of potential emergencies based on hazard assessment;
- procedures to respond to the identified emergency situations;
- procedures to shut down equipment;
- procedures to contain and limit pollution;
- procedures for decontamination;
- procedures for rescue and evacuation, including a designated meeting place outside the facility;
- location of alarms and schedule of maintenance;
- list and location of equipment and facilities for employees responsible for responding to the emergency (fire-fighting equipment, spill response equipment, personal protection equipment for the emergency response teams, first aid kits and stations);
- protocols for the use of the emergency equipment and facilities;
- schedule for periodic inspection, testing and maintenance of emergency equipment;
- clear identification of evacuation routes and meeting points;
- schedule of trainings (drills), including with local emergency response services (fire fighters);
- procedures for emergency drills;
- emergency contacts and communication protocols, including with affected communities when necessary, and procedures for interaction with the government authorities;
- procedures for periodic review and update of emergency response plans.

Common Hazards and Emergency Situations in the Food and Beverage Industry

Common Hazards/ Emergency Situations in the Food and Beverage Industry	Potential Causes
Cuts and lacerations	• Absence of machinery guards resulting in cuts or lacerations • Poorly designed knives and scissors (e.g. awkward grip and/or hand position) or not maintained in good condition • Personal Protective Equipment are not appropriate or adequate (e.g. cut-resistant gloves are not cut-proof) • Poorly designed work stations (e.g. inappropriate height, inadequate lighting, improper knife storage, employees working very close to each other, etc.) • Poorly planned incentive schemes (e.g. piecework incentive impacting safety considerations) • Distractions at work place (e.g. excessive noise, interruptions from supervisors/coworkers, etc.) • Maintenance or cleaning of machines while in operation
Cuts, fractures, puncture wounds, amputations, and fatalities due to being "struck by," "struck against," and "caught in" the equipment and plant machinery	• Absence of machinery guards resulting in workers struck by, struck against or caught in machinery • Removal of machine guards by workers (e.g. removal of defeat guards in order to increase production rates, especially true in case of production-based incentives) • Absence of lockout/tag-out procedures, equipment and training • Failure to follow safety practices for forklifts, trucks and storage (safe shelving) • Improper attire (e.g. loose clothing or gloves, unconfined long hair, jewelry etc.) being caught in moving parts of machinery • Absence of floor markings indicating flow of traffic and spaces reserved for pedestrian and vehicle traffic • Improper structural stability and design to accommodate dynamic and static loads • Improperly designed or installed materials or utilities suspededed from ceilings and overhead structures
Back injuries, strains and sprains, contusions and fractures due to slips, trips and fall	• Slippery floors, platforms and stairways due to water, blood, animal fat or spilled fruit juices • Tripping over boxes, electrical cords, equipment, or other items that are left in aisles and walkways • Uneven floors or uncovered floor drains resulting in trips and falls by workers • Missing rails or non-slip treads in the stairways • Absence of guardrails or toeboards on elevated work places • Use of ladders not equipped with non-slip safety feet

Common Hazards/ Emergency Situations in the Food and Beverage Industry	Potential Causes

Entrapment, engulfment, and hazardous atmospheric conditions in confined spaces	• Examples of confined space may include:
	  ◦ ice houses;
	  ◦ packing area: blast freezers chilled by carbon dioxide or nitrogen;
	  ◦ offal area: vats and pits;
	  ◦ wastewater handling/treatment area: settling tanks or vats, tanks of sulfuric acid, hydroxides or other chemicals; and
	  ◦ gas storage areas: large ammonia, carbon dioxide, nitrogen, or chlorine tanks.
	• Improper identification and evaluation of confined spaces and the associated hazards
	• Inadequate testing for atmospheric hazards: oxygen, combustible gases or vapors, and toxic gases or vapors in the identified confined spaces
	• Poor controls to prevent unauthorized entry
	• Inadequate procedures specifying the acceptable entry conditions, isolating the permit space, providing barriers, purging, or ventilating the permit space - to eliminate or control hazards necessary for safe operations

Burns, scalds, respiratory and potentially carcinogenic effects from exposure to chemicals	• Examples of hazardous chemicals may include:
	  ◦ ammonia (anhydrous) used in refrigeration systems;
	  ◦ hydrochloric acid;
	  ◦ phosphoric acid and sodium hydroxide to produce STPP; and
	  ◦ carbon dioxide.
	• Inadequate procedures for handling, storage and clean up of process/laboratory chemicals
	• Excessive use of antimicrobial chemicals in sprays and rinses on processing equipment or in the chiller (e.g. to reduce E. coli and salmonella)
	• Use of large quantity of wastewater treatment chemicals due to the greater volume of wastewater generation
	• Use of large quantities of chemicals in on-site laboratory testing (e.g. salmonella and E. coli)

Common Hazards/ Emergency Situations in the Food and Beverage Industry	Potential Causes
Electric shock or electrocution	• Use of ungrounded and improperly grounded machinery and equipment • Electrical cables passing through/laid around damp/humid locations • Cracked fuses, plugs and sockets, damaged distribution boxes, circuit breakers and poorly connected and/or worn, frayed or bare cables • On/Off power circuit switches that are not located at clearly visible points • Absence of lockout/tag out maintenance procedures, training and required apparatus to de-energize electrical circuits • Absent, insufficient and unreadable signage related to electrical hazards • Inadequate electrical lightning conductor deployment and installation leading to power surges and associated problems • Lack of PPE for workers that may be in contact with exposed electric parts
Emergency events arising out of fires and/or explosions	• Workers not trained or comfortable about informing management of malfunction or dangerous sites, processes, etc. • Inadequate procedures for maintenance and cleaning of heat-producing equipment, such as burners, ovens, stoves and fryers • Inadequate handling, signage and storage of flammable, combustible and explosive materials, including pressurized containers • Inadequate housekeeping (cleaning, servicing, repairing), collection and disposition of flammable materials from workplaces and storage areas • Poor inspection and maintenance of fuel lines • Leaks and spills from flammable materials containers and installations • Inadequate ventilation facilitating accumulation of fine dust particles exceeding the lower explosive limit (LEL) • Improper storage (e.g. unventilated places) and transport (e.g. rolling instead of using carts) of pressurized gas cylinders • Failure to reject, return to supplier or eliminate damaged or incompletely equipped gas cylinders (e.g. missing regulator caps) • Inadequate procedures for controlling ignition sources such as smoking, welding, and burning • Unsafe gas hoses and gas welding equipment • Use of equipment producing sparks close to explosive, combustible and flammable materials storage and usage • Poor electrical maintenance using unauthorized electricians • Faulty electrical wiring • Operating electrical equipment over the normal "sanctioned load" • Absence of adequate smoke/fire detection and alarm systems • Absence of adequate fire suppression and safety equipment • Absent or insufficient training of personnel on fire safety, emergency response, building evacuation and first aid procedures • Lack of lighting at emergency exits, in corridors and hallways • Obstructed or locked emergency exits

Stakeholder Engagement

5

Stakeholder engagement is part of regular activities. Awareness and engagement at senior levels. Fluent and inclusive communication and consultation process with stakeholders.

4

Multiple and ongoing public consultation and participation in a culturally appropriate manner. Stakeholder feedback is actively considered. Reporting to communities and effective grievance mechanism is evidenced by formal records.

3

Stakeholders have been identified and engaged in several events with effective dialogue. Some procedures and assigned responsibility for engaging with stakeholders.

2

Some public events, limited ongoing engagement process. Sporadic and selective responses when approached by stakeholders.

1

Limited channels in place. A few meetings and discussions, but not an ongoing process yet.

0

Little or no transparency with stakeholders.

Your company may have an impact on the lives of many people and organizations. All of these people and organizations are your stakeholders - they have a stake in your company's financial, environmental and social performance.

Look at the diagram below and think about how your company interacts with each group. Your relationship with each group varies considerably, and you need to adapt the way you engage with each of them to mitigate risks to your business.

Systematically engaging with affected communities in the identification and management of the impacts that negatively affect them contributes to building trust, credibility and local support. Engaging with them also provides the opportunity to highlight the positive aspects of the company's presence. This lowers the risk of anti-company sentiments that could lead to costly litigation or disruption of company operations.

Other stakeholders such as activists and NGOs may not be directly affected by your operations but may have an interest in what you do. Keeping these groups informed and maintaining an open communication channel may lower the risk of negative campaigns that could affect your company's reputation.

MAPPING YOUR STAKEHOLDERS

The first step in building a relationship with your stakeholders is to identify them. To start, look back at your risk assessment and the areas of potential negative impacts and identify who would be directly or indirectly impacted.

Once you have identified your stakeholders, you should prioritize the different groups based on the nature and severity of the impacts, and the ability of these groups to influence your business. Engagement should be stronger and more frequent with those groups that are more severely affected, as well as with those that have a greater ability to influence your business.

Also, as you identify your stakeholders and the issues that may affect or interest them, you can tailor your communication material and methods to effectively engage with each of them.

INTERNAL AND EXTERNAL STAKEHOLDERS

Workers are an important internal stakeholder group. They also need to be involved in the identification of risks that affect them and be consulted when developing action plans and procedures. However, the methods of engagement with them will differ from those used for external stakeholders.

Use the Toolkit item **Stakeholder Map** and **Impact Zoning Tool for Affected Communities** to get started.

For effective consultation with affected communities :

- Start early;
- Disclose meaningful and accurate information;
- Use culturally appropriate means to reach them;
- Provide opportunities for two-way dialogue ;
- Document to keep track of issues raised; and
- Report back on how their input has been considered

DEVELOPING A STAKEHOLDER ENGAGEMENT PLAN

After mapping your stakeholders, the next step is to develop a plan for how to engage with the groups that you have identified. Your stakeholder engagement plan can be simple. But it is important to be proactive and to address key environmental and social concerns.

At a minimum, even if your company does not have adverse impacts on communities or other stakeholders, you should always implement a procedure to receive communications from the public and accordingly adjust your management program (see Element 7, External Communication).

If it is determined that there are affected communities, you need to implement a Grievance Mechanism (see Element 7, Grievance Mechanism) and actively engage them in consultation, regularly disclosing clear and meaningful information on both your impacts and potential benefits, and providing communities with opportunities to express their concerns and suggestions.

In the case of potentially significant adverse impacts to individuals and communities, you should engage them in a process of Informed Consultation and Participation (ICP). Compared to a consultation process, an ICP should ensure a more in-depth exchange of information and a higher level of participation from affected stakeholders in decision-making, so that their proposed mitigation measures are incorporated into the company's action plan.

Finally, you should periodically report to affected stakeholders on the actions your company is putting in place to address the issues identified through the engagement process (see Element 8, Ongoing Reporting to Affected Communities).

Regular communication with the various stakeholder groups is an excellent way for you to understand how company operations affect them and to get early warnings of potential problems. In all your efforts to reach out to stakeholders, ensure that you do so early on – relationship-building takes time. Don't wait until a crisis arises to act, as it will be more difficult without those relationships in place to manage the problem.

Use the Toolkit item **Stakeholder Engagement Plan Worksheet** to record how you will engage with the important stakeholder groups.

TIP

Effective Stakeholder Engagement

- Be strategic and prioritize which stakeholders to approach – you may not have the resources to engage them all at once.
- Update your stakeholder map regularly and in the case of significant events (e.g., changes to your business, government elections, natural disasters, etc.).
- Be aware of what issues are important to each group.
- If you are dealing with a representative for the group, make sure that he/she legitimately represents the interests of the affected groups and communities.
- Engage with stakeholders in their own communities and places where they feel comfortable.
- Reach out to vulnerable and marginalized groups.
- Keep a record of questions, comments and suggestions. Records provide important information that should be used to adapt your Action Plans and improve your ESMS.
- Recognize that your employees are a good link to stakeholders in the "outside world."
- Be prepared to respond to stakeholders, and do not generate expectations that cannot or will not be fulfilled.

DEFINITIONS

Stakeholder	Any person or organization that has an interest in or is affected by your company
Affected Communitites	People or communities who are subject to company-related adverse impacts on their environment, infrastructure, way of life, personal safety, health or livelihood.

For more information on how to develop and implement a Stakeholder Engagement Plan, refer to the Good Practice Handbook *"Stakeholder Engagement,"* IFC (2007).

External Communications and Grievance Mechanisms

If your company has social and environmental impacts in the community, inquiries, concerns and complaints are bound to arise. How you respond to and manage these issues will have significant implications for how your business is perceived and, possibly, whether or not it succeeds.

EXTERNAL COMMUNICATIONS

Even if affected communities per se are not identified, you should always establish and maintain a publicly available and easily accessible channel for stakeholders to contact you (e.g., phone number, website, email address, etc.).

External stakeholders can provide valuable information, such as suggestions on product improvement, advance warning in critical situations, feedback on interactions with your employees, and/or comments from regulators, NGOs and individuals regarding your company's environmental and social performance.

The procedure for external communication should include methods to (i) receive, register and validate external communications and requests for information from the public; (ii) screen and assess the importance of the issue raised and determine how to address it; (iii) provide, track, document and publish responses; and (iv) adjust the management program when appropriate.

GRIEVANCE MECHANISMS

The purpose of a grievance mechanism is to establish a way for individuals, groups or communities affected by your business to contact you if they have an inquiry, a concern or a formal complaint.

5 Proactive and responsive external communication and grievance mechanism. Stakeholders are consulted on ESMS effectiveness and are part of the regular review process.

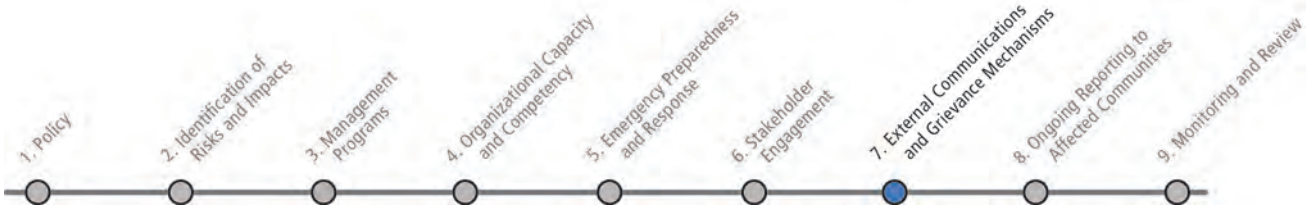
4 Effective grievance mechanism is evidenced by formal records. There is routine review of the records and the effectiveness of the program.

3 Grievance mechanism is fully implemented; however, there is not enough evidence of its effectiveness. No tracking of internal or external awareness; limited tracking of cases.

2 Procedures and assigned responsibilities for receiving and handling complaints. Awareness is limited to those directly handling the complaints.

1 Some basic procedures for receiving complaints. Responsibility limited to one person or unit.

0 No mechanism in place.



In practice, a grievance mechanism should:

- Establish a way for people to contact you – openly or anonymously – to pose their questions, to express concerns or to file a complaint. Examples are suggestion boxes, a toll-free telephone hotline, an email address, and regular meetings arranged to discuss particular problem areas.
- Assign a person or team in your company who is responsible for receiving, registering and processing all grievances.
- Establish procedures to register, screen, categorize, investigate and determine resolution and redress options.
- Establish a system to communicate decisions taken and progress on pending actions. It is important that people know when they can expect a response.

Not all complaints can be resolved in the same way. Simpler issues, such as a company truck running over chickens in the road, might be dealt with by the same team responsible for registering the complaint. More complex problems, such as allegations of widespread groundwater contamination, might require immediate intervention by senior managers and more dedicated resources for investigating, documenting and reporting. For complex and recurring problems, consider reaching out to third-party facilitators that can act as independent mediators.

TIP

Implementing a Grievance Mechanism

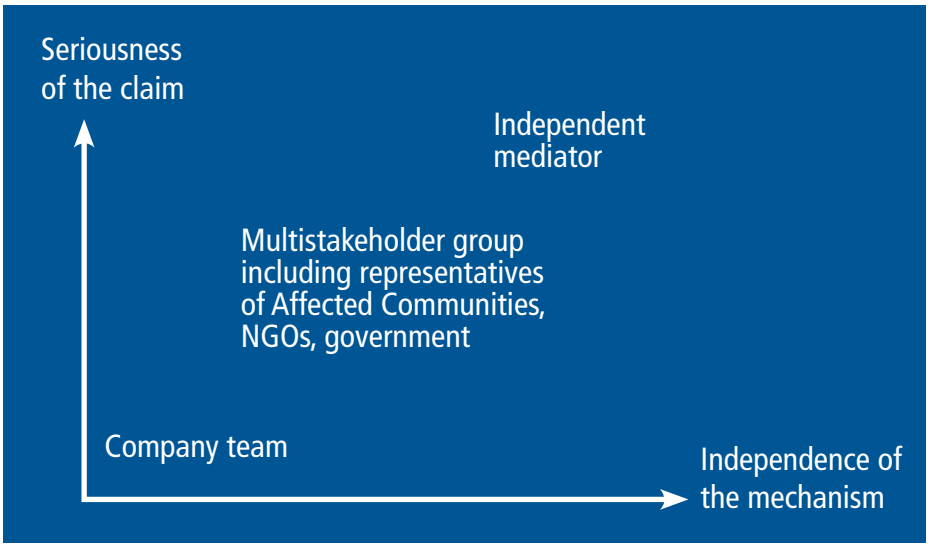
- Scale it to fit the level and complexity of social and environmental risks and impacts identified in your company.
- Design the process to be easily understandable, accessible, trusted and culturally appropriate.
- Publicize the availability of the grievance procedure so people know where to go and whom to approach.
- Commit to a response time and keep to it as this will increase transparency and a sense of "fair process."
- Keep records of each step to create a "paper trail."

The more serious the claim is, the more independent the mechanism should be to determine the resolution and options for redress.

The most important thing is to make sure the grievance mechanism is accessible and trusted. Tailor it for the local community so that it is easy for them to raise concerns. This requirement mandates having the right people leading this effort inside your company. The grievance mechanism must be accessible at no cost and without retribution to the party that originated the complaint and should not impede access to judicial or administrative remedies.

Don't underestimate the value of a well-implemented grievance mechanism. The information you receive can act as an early-warning system before the problem becomes too costly and time-consuming to address.

Look at the Toolkit items Checklist for an Effective Grievance Mechanism and Grievances Log to get started.



TIP

A Grievance Mechanism is

UNDERSTANDABLE AND TRUSTED when:

- affected communities understand the procedure to handle a complaint;
- people are aware of the expected response time; and
- confidentiality of the person raising the complaint is protected.

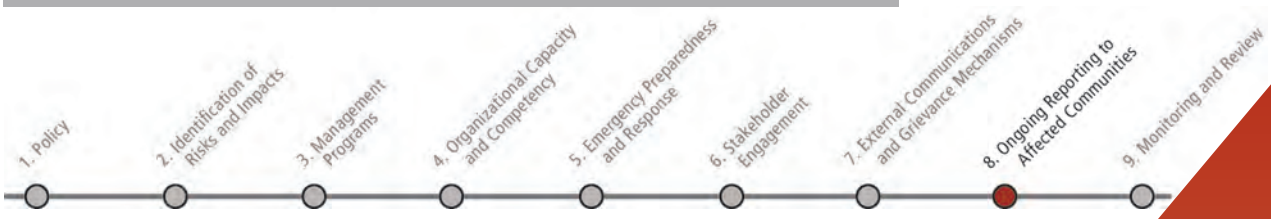
CULTURALLY APPROPRIATE AND ACCESSIBLE when:

- claims can be presented in the local language;
- technology required to present a claim is commonly used (e.g., paper, text messaging, internet); and
- illiterate persons can present verbal complaints.

AT NO COST when:

- people don't need to travel long distances to present a claim; and
- the company covers the costs of third party facilitation.

For more information on how to develop and implement a Grievance Mechanism, refer to the Good Practice Note "*Addressing Grievances from Project-Affected Communities,*" IFC (2009), and the Advisory Note *"A Guide to Designing and Implementing Grievance Mechanisms for Development Projects,"* CAO (2008).



Ongoing Reporting to Affected Communities

Affected communities will want to know what actions your company has put in place to resolve the issues identified when engaging with them.

Keeping affected communities informed of what you are doing is a critical element for building and maintaining a good relationship. If people know when to expect an update, it helps to build trust. It can also reduce the amount of time you spend responding to questions.

The frequency of this communication will be proportional to the scale of stakeholders' concerns, but it should be at least annually. If your company's activities change or new environmental and social risks emerge, you do need to contact stakeholders outside of the regular schedule to discuss these changes.

TIP

Ongoing Communication

- Provide an immediate update if new environmental or social risks emerge.
- Report progress on implementation of your commitments.
- Report monitoring results on issues that interest the community.
- Use the opportunity to communicate the benefits generated by your company.
- Translate information into local languages and easily understandable formats.
- Try to maintain continuity in who deals with the community.
- Involve your employees as communication links to the community.
- Consider conducting a stakeholder survey to learn how your company is perceived.

You can also decide to report back to the wider public on your progress in meeting your commit ments to avoid, reduce and mitigate any negative environmental or social impacts from your company's activities. Sustainability reporting initiatives, guidelines, including sector-specific guidelines, and good practices are also rapidly emerging in this area. The most notable is the Global Reporting Initiative (GRI).

Look at the Toolkit item **Reporting to Affected Communities** for examples of formats and venues you can use.

5 — Affected communities' issues and concerns are proactively addressed. There is ongoing communication to avoid risks and impacts before new projects as well as to address existing issues.

4 — Reporting to affected communities is regularly implemented and evidenced in documentation. Key units are involved in the review of the key issues.

3 — When applicable, consultation processes have been implemented. External consultants are involved as required. No ongoing review.

2 — Procedures in place for reporting, usually assigned to E&S staff. Primarily reactive.

1 — Some basic communications with affected communities, mostly limited to meetings.

0 — No reporting.

Monitoring and Review

5 Robust system of continual learning and improvement. Senior management receives periodic reports about E&S performance and progress toward E&S objectives and targets. All key project decisions consider E&S.

4 Monitoring, supervising and auditing activities are integrated and included in management review. Includes consultation with workers, customers and suppliers. E&S objectives and targets are included in job descriptions and performance reviews.

3 Routine review of monitoring and supervision activities, including participation of workers. Corrective actions routinely implemented. An E&S internal audit plan is in place.

2 Key E&S monitoring plans in place, with inspection and supervision activities. Primarily reactive and guided by external experts, customers and investors.

1 Few monitoring plans to satisfy regulatory requirements. No formal review activities. No systems awareness or repeatable processes

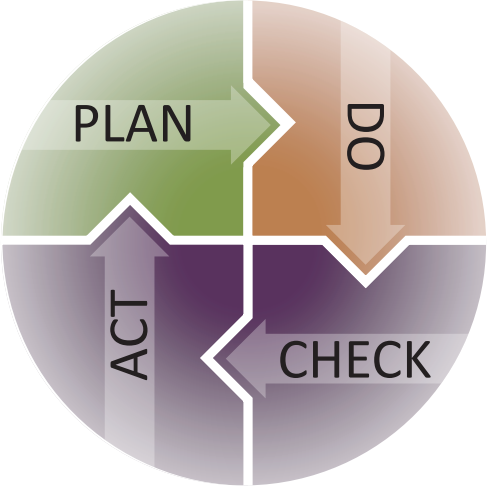
0 No monitoring of E&S performance.

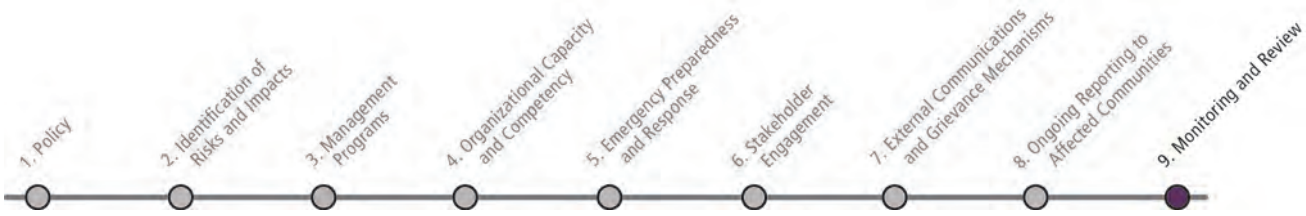
We've talked about the relationship between your ESMS and the Plan-Do-Check-Act cycle of continual improvement. Monitoring and review are critical, because this is how you check and adjust the system.

So far, you've formed or assigned a team to lead the effort. You have developed your ESMS and started to implement your action plans in response to the risks and impacts you identified. You've started to train people. The next step is to monitor the effectiveness of your ESMS and your action plans and make the necessary adjustments.

Monitoring is the **CHECK** step of the PDCA cycle

Review is the **ACT** step of the PDCA cycle





TIP

Monitoring measures intent, implementation and effectiveness

Intent:

1. Are the nine elements of the ESMS in place?

Implementation:

2. Are the action plans being carried out?
3. Are procedures being followed?

Effectiveness:

4. Are you in compliance with laws and regulations?
5. Are you making progress toward your overall objectives and targets?
6. How is the environmental and social performance of the company in general?

INDICATORS

A key aspect of monitoring is defining relevant indicators. These are quantitative or qualitative measures of progress against set goals. Some indicators might focus on **performance**, evaluated against the criteria defined in your environmental and social policy.

Some examples of key performance indicators could be:

- emissions to air;
- raw water quality;
- volume of solid waste disposal;
- water consumption;
- liquid effluents discharge;
- energy consumption;
- accidents (injuries, ill-health, property damage), incidents and near misses;
- lost time injury frequency, incidence, and severity rates
- emergency response incidents;
- average working hours and wages paid;
- wages levels;
- incidences of child labor;
- incidences of disciplinary complaints; and
- employee demographics matching access to training, jobs, and wages.

Measuring and Improving

Remember, you can't improve what you don't measure.

You can also use this information when reporting to a wider public on your ESMS performance. When selecting your key performance indicators, you may refer to voluntary guidelines such as the Food Processing Supplement of the Global Reporting Initiative, which provides a list of indicators relevant to the food and beverage industry.

Other indicators can look at the **processes or inputs** that you use to try to achieve performance.

For example, in your action plan, you might have included worker training as a necessary step to raise awareness among workers about OHS, so that they can help to identify and address key risks and hazards. In this case, you might evaluate your progress against the action plan by tracking the percentage of workers who have been trained, or the percentage of workers who can correctly describe the risk analysis procedure.

Some examples of process indicators include:

- procedures in place for chemical, fuel and hazardous waste handling, storage, and disposal;
- processes analyzing for water and energy conservation;
- percentage of workers who can explain the grievance mechanism;
- percentage of workers who can explain the health and safety procedures;
- percentage of workers trained on labor standards requirements; and
- communications from stakeholders.

It is helpful to have a mix of performance and process indicators, to get a deeper understanding of whether you are measuring the appropriate things and whether you are taking the appropriate actions. For example, a performance indicator such as "zero incidences of child labor" does not tell the full story: Was this the result of effective procedures and training or was the system inadequate in identifying and recording incidences?

For environmental and OHS performance indicators and benchmarks relevant to your industry, consult the *WBG EHS Guidelines* at www.ifc.org/sustainability.

Look at the **Monitoring Plans** in the Toolkit and Case Studies for more examples of key indicators common in the Food and Beverage industry.

THE BASICS OF MONITORING	
Visual observation **physical walk-throughs of your facility and surrounding land.** Examples of what you might observe: physical obstructions and blocked exits, placement of hazardous materials, housekeeping, ground and surface water flows, worker and manager actions related to water use, production processes, hygiene, worker and manager body language and interactions.	**Interviews** **consultations with workers, managers and external stakeholders.** Examples of topics you might discuss: Do workers and managers understand the policies and procedures? How are they impacted? Are there ideas for improvement? Do workers feel comfortable filing complaints? How are external stakeholders impacted by the company? Are there ideas for improvement? Do external stakeholders feel comfortable filing complaints?
Measuring and testing **checking through calibrated equipment.** Examples of what you might check: air emissions, water quality, soil quality, water and energy consumption, ground and surface water levels, noise decibel levels, ambient temperature, chemical levels in blood samples.	**Document review** **looking through documents and records.** Examples of what you might review: water meter logs, water and energy bills, inspection records, complaint logs, wage slips, time cards, policies and procedures, training records.

Look at the Toolkit item **Auditing Guidance** for guidelines on how to conduct an audit.

Monitoring and **auditing** are words that are often used interchangeably, which can be confusing. Auditing is a formal, on-site evaluation against a specific set of criteria. Audits can be conducted internally by your own staff or by outside parties. Monitoring is an umbrella term that includes various methods for evaluating performance. These may include: visual observation, measuring and testing, questionnaires, surveys, interviews with employees and external stakeholders, and document review. It is important to design your monitoring program to obtain qualitative and quantitative information. It is also important that workers and managers are monitoring the workplace on an on going basis.

MEASURING AND IMPROVING YOUR ESMS

While your Action Plan monitoring looks at whether corrective actions are being implemented and are achieving the intended results, your ESMS monitoring is looking at the maturity of your system development and implementation. The Action Plan lists new actions you are taking to address risks. But for the new actions to be sustainable, you also need to improve your ESMS. The two need to be linked.

This Handbook's companion publication ESMS Self-Assessment and Improvement Guide provides you with a practical tool to monitor the maturity of your ESMS. For each of the nine ESMS elements, we provide self-assessment questions that show you the level of your ESMS development and implementation on a scale of 0 to 5 (5 is the highest). Conducting the ESMS self-assessment is an important first step that enables you to see where you stand now. The results form the basis of your ESMS Improvement Plan. The ESMS self-assessment responses should be based on Visual Observation, Measuring or Testing, Document Review and Interviewing People.

Let's take another look at the nine elements of the ESMS and maturity ratings.

Purpose of Action Plan and ESMS Improvement Plan

Action Plan: specific actions to correct environmental, labor and community problems and remediate negative impacts

ESMS Improvement Plan: steps targeted to continually improve the management system to support activities in the Action Plan

	Policy	Identification of Risks and Impacts	Management Programs	Organizational Capacity and Competency	Emergency Preparedness and Response	Stakeholder Engagement	External Communications and Grievance Mechanisms	Ongoing Reporting to Affected Communities	Monitoring and Review
5	Mature system implemented internally and with key supply chain partners – continual improvement embedded in operations								
4	Systems well-developed and implemented internally – routine improvement projects								
3	Systems approach adopted, but development and implementation is inconsistent - improvement sporadic								
2	Limited system development with sporadic implementation – primarily reactive								
1	Little systems awareness or repeatable processes								
0	No systems awareness or repeatable processes								

LINKING YOUR ACTION PLAN AND ESMS IMPROVEMENT PLAN

It is important to understand the link between the Action Plan and the ESMS Improvement Plan. The Action Plan lists specific projects and activities. The ESMS Improvement Plan is about making system improvements needed to support the activities and to make the necessary changes in how the company operates.

Improving environmental and social performance and integrating it into your routine business operations takes time. The improvement plan for your ESMS needs to be practical. It needs to be designed with the understanding that people have their core operating responsibilities in your company. You cannot improve everything at once. The ESMS Team plays the critical role of leading the improvement effort. Prioritizing what to work on first is an important job for the team in coordination with senior management. The ESMS Self-Assessment and Improvement Guide will help you to get started.

CONDUCTING AN EFFECTIVE MANAGEMENT REVIEW

The purpose of the management review is to routinely involve senior management in evaluating the development and implementation of the ESMS. The management review is led by the ESMS Team. In the beginning, we recommend conducting a management review every three to six months. Once the ESMS is well-established, once a year is usually fine. It is important to keep a written record (called minutes) during the meeting of the key topics discussed and the decisions made. The minutes should be kept in a central log.

For the ESMS Team, the management review is an important opportunity to keep senior management involved. Remember, the sustainability of the program requires ongoing commitment from senior management.

Typical Agenda for a Management Review:

- Review progress on Action Plan
- Review progress on ESMS Improvement Plan
- Review compliance with environmental and labor laws and regulations
- Review progress on environmental and social performance
- Discuss possible adjustments in risk assessment
- Prioritize activities for next three, six and 12 months
- Review and approve needed resources by senior management

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