



# Environmental and Social Management System Implementation Handbook

**GENERAL**

Although the environmental and social management system described in this Handbook is based on IFC Performance Standard 1, the process outlined herein may not provide for meeting all the requirements of IFC Performance Standard 1, or any other IFC Performance Standard. The purpose of this Handbook is to demonstrate a technical means of integrating environmental and social concerns into company management, so that a business can become more effective in reducing its impact on the environment, its workers and its neighboring communities.

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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 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	
<b>Sections I – II</b>	These sections provide background on environmental and social management systems (ESMS).
<b>Section III</b>	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.
<b>ESMS Toolkit</b>	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.
<b>ESMS Self-Assessment and Improvement Guide</b>	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.

## Acknowledgements

This Handbook was prepared by the Sustainable Business Advisory (SBA) department with primary contributions from Irene Angeletti, Rob Horner, and Larissa Luy.

The Handbook is based on primary contributions and technical expertise from the Social Accountability International (SAI) team of Craig Moss, Jane Hwang, and Rachel Kanter Kepnes, with key contributions from Edwin Koster, D.K.S. Moorthy, Eileen Kaufman, Doug DeRuisseau, Caroline Lewis and Yogendra Chaudhry. Additional resources include United States Department of Labor Occupational Safety & Health Administration training materials. Graphic design services were provided by Pam Henry.

*Photography courtesy of IFC ILO Better Work and World Bank Photo Library*



## Benefits of an Environmental and Social Management System

“We are facing intense global competition and declining spending during the current global economic crisis. Improving our environmental and social management is helping us to reduce material inputs, minimize waste and improve our competitiveness and our profitability.”

**CFO - Garment manufacturer in Southeast Asia**

## Benefits of an Environmental and Social Management System For Your Company

Today, companies are confronted with a number of significant environmental and social challenges. None of the challenges is insurmountable, but if not effectively assessed and managed, they will hurt your profitability, reputation, and prospects for future business.

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 meet your business goals or build brand and consumer confidence. All of these risks ultimately have financial consequences. Moreover, exports and international exposure are vital to the success of many businesses; but exporting your services also increases demands from international legislation, local industry standards, and consumer requirements. Many of these requirements are increasingly related to environmental and social practices. All of these risks, requirements, and pressures on your business are driving forces that should motivate you to implement a management system.

“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**

“As a leading crop producer and exporter, we operate in competitive, globalized and volatile markets. Our management system based approach towards quality, environment and social issues has helped us attract and keep our global clientele through uncompromising product quality; prompt, reliable delivery; and fair, transparent and ethical business practices.”

**Managing Director** - A crop producer and exporter company in Latin America

A management system will enable you to consistently foresee and address issues confronting your business so you can prevent potential risks from becoming actual problems.

Implementing an environmental and social management system (ESMS) can have direct business benefits. Conserving and using energy and materials more efficiently helps to reduce production costs. Reducing waste and discharges, and recycling can minimize costs of waste disposal, which have been steadily increasing over time. In fact, you can convert certain organic waste into fuel or energy to maximize sustainability and costs savings for your business. A management system can help you build processes to benchmark your expenditures against industry standards and identify potential production and operational 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 will enable you

“Labor shortages had always been a challenge for us. Now, thanks to our, ‘social and labor management system,’ not only are our employees happy and productive, but also they stay with us longer.”

**General Manager**

Contractor to various large construction companies, Latin America

to identify workplace and process hazards so you can eliminate or reduce their potential negative impacts through engineering controls and employee training on the avoidance of risks. This can not only reduce near misses, accidents, and fatalities, but can also lead to bottom-line business benefits such as reduced absenteeism and worker turnover, and lower insurance premiums for workers' compensation.

Many companies already use management systems for quality control. An environmental and social management system (ESMS) simply extends that approach to the management of your business's impact on the environment, your workers, and other external stakeholders.

Ultimately, your management systems should be integrated and centralized in one comprehensive system, instead of having separate systems for quality, occupational health and safety, and the environment. This handbook will help you implement an integrated ESMS that is appropriate for the size and nature of your company.



## Understanding an Environmental and Social Management System

# Understanding an Environmental and Social Management System

## OVERVIEW

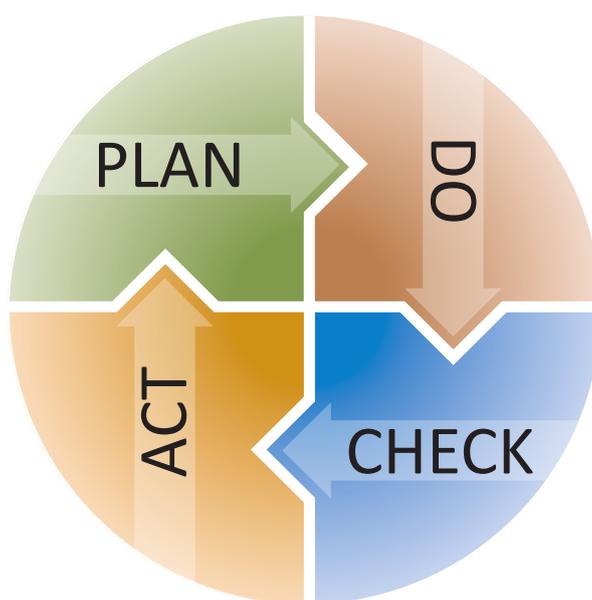
A management system is a set of processes and practices to consistently implement your company's policies to meet your business objectives. The goal is to make sure that you have the appropriate policies and procedures in place and that people consistently follow them. The management system helps to 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?

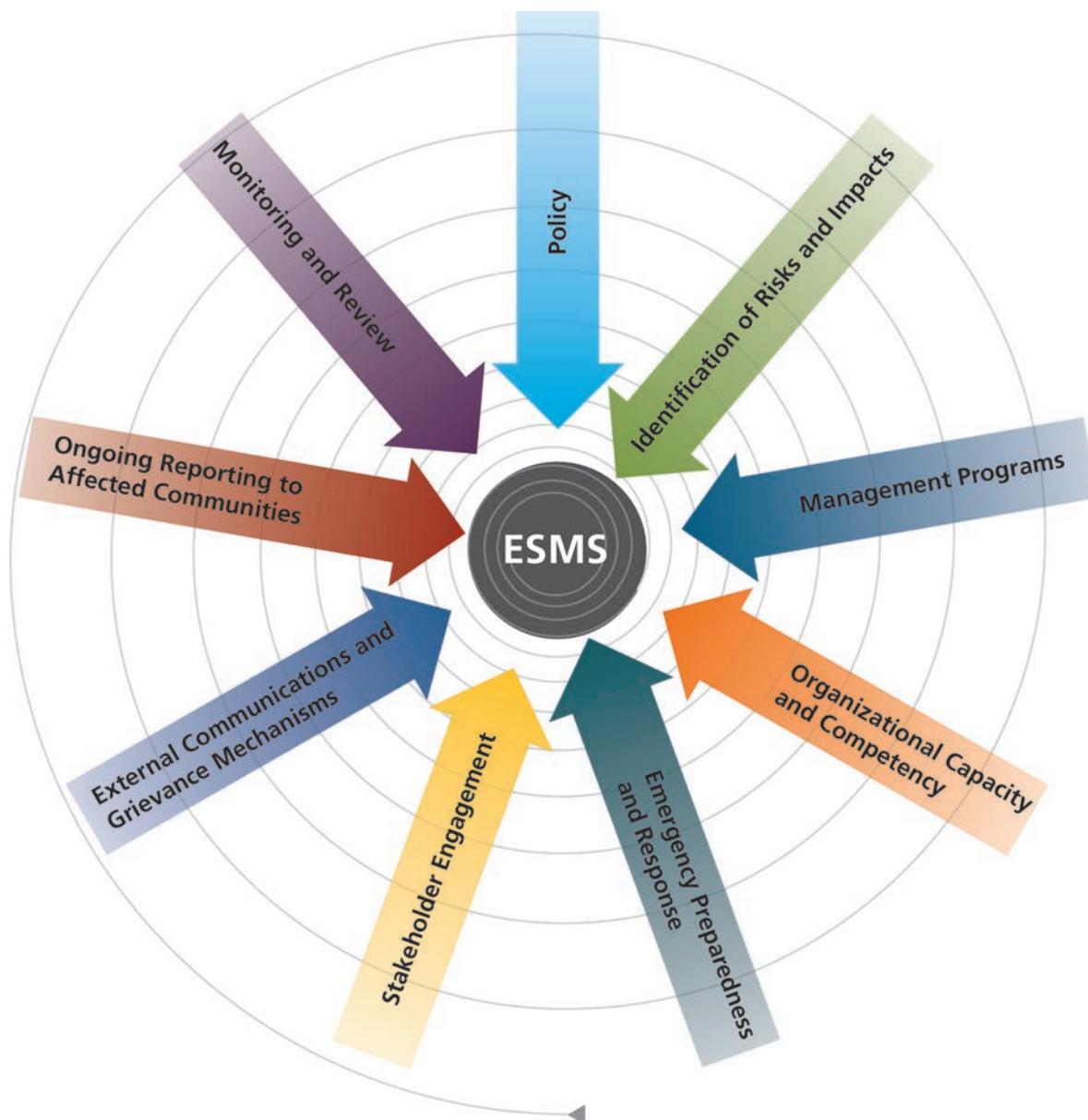
Measuring how effective the solution was, and analyzing whether it could be improved

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.

Many companies already have management systems for quality. If your company already has one, you may already have certain elements of the ESMS in place, and you can build on your existing systems. 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)	
<b>Level 5</b>	Mature system implemented internally and with key supply chain partners – continual improvement embedded in operations
<b>Level 4</b>	Systems well developed and implemented internally – routine improvement projects
<b>Level 3</b>	Systems approach adopted, but development and implementation is inconsistent – improvement sporadic
<b>Level 2</b>	Limited system development with sporadic implementation – primarily reactive
<b>Level 1</b>	Little systems awareness or repeatable processes
<b>Level 0</b>	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.

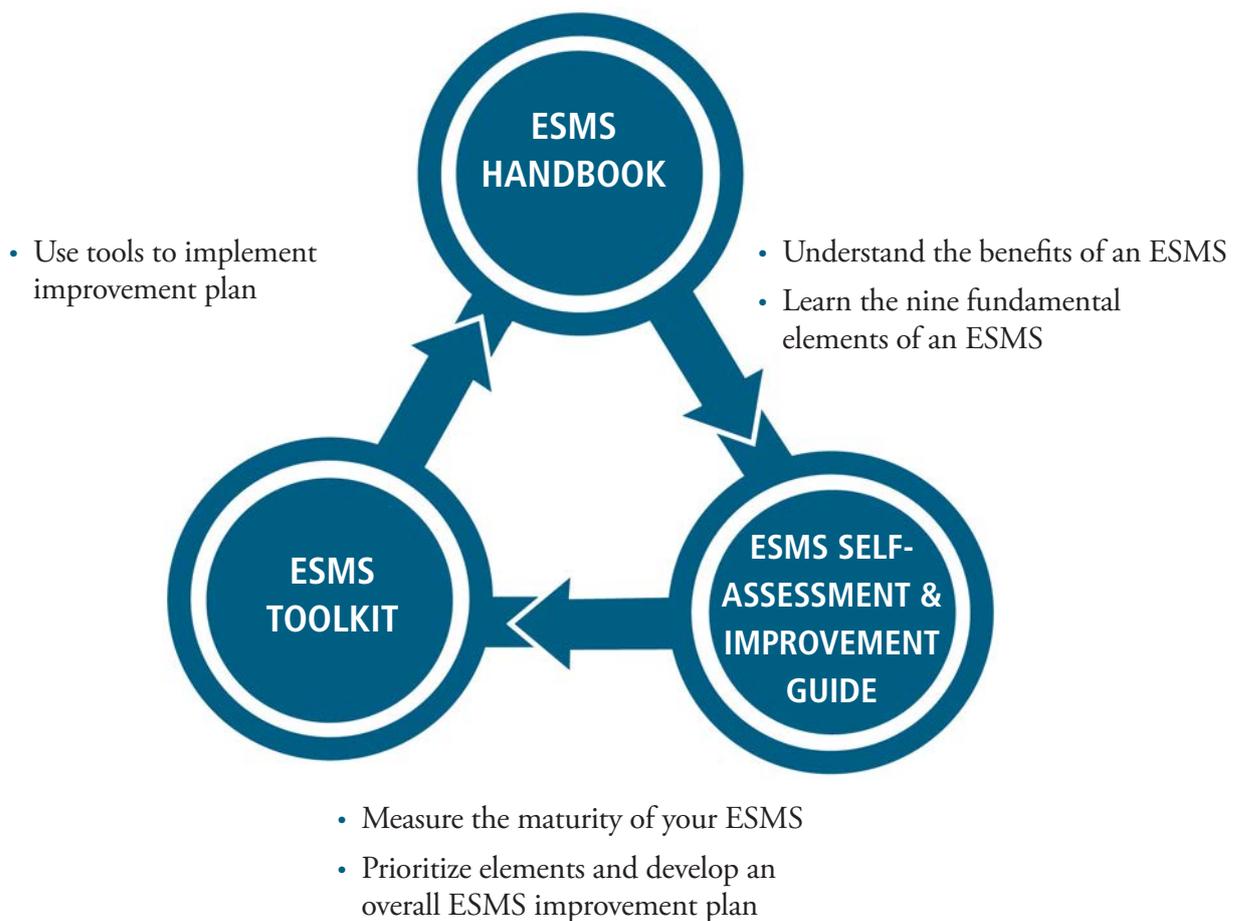
The approach of this Handbook and its companion publications, the Toolkit and Self-Assessment and Improvement Guide, balances system development and system implementation in each of the ESMS elements.

DEFINITIONS	
<b>System Development</b>	The documented policies and procedures.
<b>System Implementation</b>	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.





## 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* 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

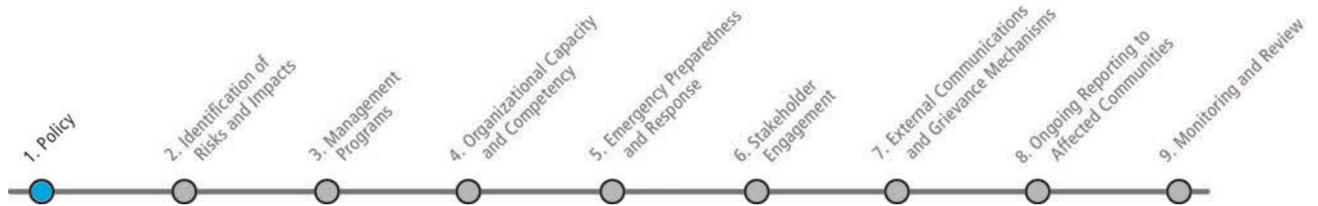
Simply put, the policies are the rules. They tell everyone what is allowed and what is not allowed when it comes to social and environmental issues such as labor and working conditions, resource efficiency and pollution prevention, and community health, safety and security.

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 your 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.



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

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.

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



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

stages with your senior management. Consider accompanying the Policy Statements with a message from the CEO.

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

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

In the following pages, we present the key issues that come up across different industries.

## GENERAL ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS

### 1. Environmental: Pollution Prevention and Resource Efficiency

RISKS	POTENTIAL IMPACTS
Release of air pollutants (air emissions)	Pollution of air, land, and surface water
Release of liquid effluents or contaminated wastewater into local water bodies or improper wastewater treatment	Surface water pollution
Generation of large amounts of solid waste and improper waste management	Pollution of land, and ground and surface water
Improper management of hazardous substances	Contamination of adjacent land and water
Excessive energy use	Depletion of local energy sources and release of combustion residuals leading to air pollution
Excessive water use	Depletion of water resources
High or excessive noise levels	Negative effects on human health and disruption of local wildlife
Improper or excessive land use	Soil degradation and biodiversity loss

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

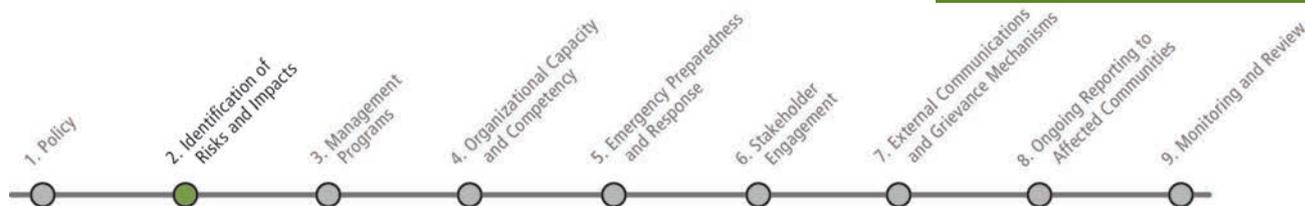
Procedures in place for identification of E&S risks and impacts across all key activities.

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.



## 2. Occupational Health and Safety

RISKS	POTENTIAL IMPACTS
Falls or inappropriate use of dangerous machinery and tools	Worker injury or loss of life
Explosions or fire	Worker injury or loss of life
Exposure to hazardous chemicals	Worker illness or loss of life
Exposure to pathogens from other workers, animals used in production processes, or other sources	Worker illness
Lack of personal protective equipment	Worker injury and illness
Ergonomic issues, such as repetitive motions and carrying heavy loads	Worker injury
High or excessive noise levels	Loss of hearing
Extreme temperatures	Hypothermia (cold stress) or heat stroke (heat stress)
Lack of appropriate welfare facilities (e.g. potable water, toilets, washing facilities)	Worker ill-health

## 3. Labor

RISKS	POTENTIAL IMPACTS
Lack of contracts, use of contracts not understood by workers, or use of contracts with terms that are different from actual working conditions	Forced labor
Exploitation of migrant or temporary workers by labor contractors, including unlawful wage deductions (e.g. excessive recruitment fees, transportation/housing costs)	Forced labor
Low or insufficient wages	Excessive overtime and perpetuation of poverty cycle for workers (which can also lead to child labor)
Excessive overtime	Worker fatigue leading to higher injury rates and illnesses
Exploitation of young workers or student workers	Child labor
Lack of freedom of association or grievance mechanisms	Mistreatment of workers and workers with no ability to voice concerns or submit complaints
Discriminatory hiring and promotion practices	Negative work environment and unequal access to opportunities and benefits
Verbal and physical (sexual) harassment	Worker dissatisfaction and trauma
Unsafe and unhygienic living quarters for workers	Workers ill-health

## 4. Community Health, Safety and Security

RISKS	POTENTIAL IMPACTS
Release of pollutants and harmful dust into ambient air	Negative impacts on the community's health
Surface or drinking water contamination	Negative impacts on the community's health
Strain on local water supply	Conflicts among competing water users
Exposure to hazardous substances	Negative impacts on the community's health
Spread of diseases due to the influx of workers	Negative impacts on the community's health
Increase of disease vectors (e.g. mosquitoes, flies, rodents) from failure to manage liquid and solid wastes	Negative impacts on the community's health
Release of unpleasant odors	Negative impacts on the community's health
Excessive noise	Negative impacts on the community's health
Improperly controlled or trained security guards	Violence against local community members
Excessive or unregulated vehicle traffic near the facility and through communities at inappropriate times (e.g. children going to/returning from school)	Vehicular accidents
Poorly designed and constructed buildings and infrastructure	Injury/death of community members and damage to neighboring properties

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.
- Scale as appropriate to the size and complexity of your business.



Now that you have an understanding of the typical risks across different industries, 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](http://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 hazardous waste and you have identified this as a risk factor because of the high percentage of chemical waste produced in your plant, you may take action by using fewer hazardous materials.

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

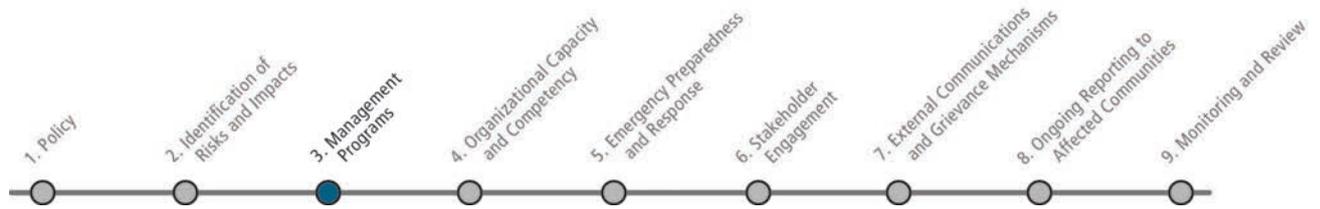
4  
Routine, consistent implementation of actions/activities to proactively manage E&S risks and impacts. Measurable company-wide objectives and targets. Periodic review and update.

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 production process that exposes workers to toxic chemicals and pollutes the local river system. You might change your production processes to avoid using these chemicals.

### 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. Given this cultural context, it is important to be clear in your recruitment, hiring and training procedures in order 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.

## 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.

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



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

The above examples address risks from different industries. 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.

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](http://www.ifc.org/sustainability).

## 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.

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.



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

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.

## 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 various industries. Action Plans can be scaled to the size of your company and the nature of the risks you face.

## Sheep and Goat Company

### RISK: Use of large amounts of freshwater

Sheep and Goat Company (SGC) is a medium size commercial livestock company in Southern Ethiopia. The main feed resources of the area are natural pastures (herbaceous vegetation composed mainly of grasses and shrubs, tree leaves and pods), which show marked seasonal variation in availability and quality based on variability of rainfall distribution. Productivity of animals in terms of milk production, growth rate and reproductive performance is generally low. The company exports both live animals and meat to various African countries, as well as the Middle East, where live animals are demanded due to religious and cultural practices. In general the area is characterized by low availability of surface water. The sources of water in the region include wells (elas), ponds and bore holes. The local villagers complain that due to high water consumption by SGC there is always a shortage of water supply for the local communities. The shortage is more serious during the dry season and as a result people are forced to travel long distance (up to 5 hours walk) in search of water.

#### IMPACT

- Shortages of water for local communities

#### AVOID

- Conduct a water audit: install water meters, collect data for 5-10 days, and compare with animal drinking needs to detect problems
- Adjust ball valves on troughs to prevent overflow
- Use smaller troughs that require less water for cleaning
- Replace troughs with on-demand drinkers
- Check drinkers' flow rates to ensure water flow exclusively when demanded
- Fit drinkers with catch basins to retain overflow
- Assess the diet; feeding a diet containing excessive protein or excessive mineral levels results in increased thirst and water consumption

#### MINIMIZE

- Perform regular maintenance of water devices to prevent and repair leaks
- Minimize water for washing processes, by using:
  - broom and scrape before washing;
  - pressure washers instead of volume washers;
  - collected water trough overflow as cleaning water;
  - water-saving nozzles and/or trigger taps on hoses;
  - brush and bucket for some cleaning
- Minimize the time animals spend standing in the yard to reduce the amount of manure that needs to be cleaned up
- Dry clean yards to maximum feasible extent; collect manure for composting
- Create low volume footbaths or mats (to replace footbaths) to reduce water consumption for disease control
- Store water used for cleaning the animals in treatment storage ponds and recycle for yard washing or irrigation

#### OFFSET

- Install Ranney wells to help increase water supply for the local community
- Engage with local communities and NGOs to rehabilitate elas and promote the adoption of rainwater harvesting technologies (e.g. roof water, ponds)
- Distribute purchased potable water to affected communities during the dry season; provide containers for storage of delivered water

## Ecuador Poultry Farms

### RISK: Excessive overtime due to short term work demand

Ecuador Poultry Farms is a well-known poultry company operating in the outskirts of Guayaquil City, Ecuador. The company is one of the oldest in the country, engaged in raising chickens both for eggs and for meat. The company has over 300 employees and is undergoing a rapid expansion program with the aim to double production in the next 2-3 years. The expansion plan includes purchasing and installing additional hatchery equipment and a complete up-grading of the ventilation system. Since this expansion program was not planned in advance, management is facing a shortage of skilled workers required for equipment commissioning and other specialized work related to the ventilation system. The engineering and maintenance employees who are the skilled workers have complained twice in the last two weeks that they are being forced to work excessive hours. One accident last week was attributed to fatigue due to long working hours. Upon further investigation, some workers have claimed that they have been working for two shifts every day for the last 10 days.

#### IMPACT

- Workplace injuries/illnesses caused by workers' fatigue due to excessive overtime

#### AVOID

- Establish Human Resources procedures addressing company policies on terms of employment and working conditions
- Communicate Revised HR procedures to managers, supervisors and workers in dedicated training sessions
- Ensure that the revised Human Resources procedures stipulate that workers may not be required to work more than a 48-hour work week or a 60-hour work week including overtime for more than two weeks and one day off in seven
- Ensure that all future expansion programs are planned in advance and that suitable numbers of skilled manpower are available before commencing a new project
- Maintain a list of pre-approved, qualified contractors to cater to short term or unexpected work demands
- Increase the project timeframe or target completion date to prevent excessive overtime if sub-contracting is not feasible

#### MINIMIZE

- Increase awareness among senior management, supervisors and worker representatives on labor regulations regarding working hours and linkages between excessive overtime and increased risk of workplace illnesses/injuries
- Monitor working hours and OHS records; take corrective actions where excessive overtime is recorded
- Implement an employee grievance mechanism and complaint resolution procedures for addressing worker concerns on excessive working hours and other issues
- Ensure overtime bonus is paid

#### OFFSET

- Retroactively compensate workers for overtime work at the established overtime rate
- Provide health checks and medical assistance to workers suffering from fatigue or work-related stress due to excessive working hours
- Provide medical assistance for cases of workplace related injury/illnesses
- Compensate injured workers for wages lost, loss of ability to work and loss of life due to workplace injuries/illnesses

## City Builders

### RISK: Construction waste disposal

City Builders is a small company owned by a local business carrying out many demolition and construction jobs in Mendoza city. Currently the company is working on a contract in the heart of the city that involves demolition of an old office complex to build a multi-story housing complex. The local residents have complained frequently that the company has littered the entire area with construction debris potentially contaminated with asbestos and other hazardous materials. Demolition was started without any effort to rid the building of rodents and other vermin first. Unmanaged piles of construction rubble have accumulated resulting in harborage for rodents, extensive dust, presence of scavengers living in the vicinity, an unpleasant sight affecting property values and land contamination in the surrounding area from windborne dust. Putrescible wastes from the construction crew are adding significantly to rodent problems in the area.

#### IMPACT

- Improper disposal of construction wastes causing land contamination and impacting local community

#### AVOID

- Establish and implement a construction waste management plan for all construction sites
- Establish and implement procedures for reuse, recycle, and safe disposal of construction waste to a landfill site licensed to take such wastes
- Train and periodically retrain all workers on proper demolition behavior and handling and disposal of construction and putrescible wastes
- Locate and remove hazardous facilities such as underground storage tanks prior to commencement of demolition
- Implement rodent elimination program prior to commencement of demolition
- Conduct asbestos survey and if necessary prepare and implement an asbestos remediation plan prior to demolition
- Conduct air monitoring for asbestos removal activity and other demolition exercises
- Implement needed measures to prevent fugitive dust migration offsite
- Deploy containers for collection and safe disposal of solid waste from the site
- Deploy pest (rodent proof) containers for collection and safe disposal of putrescible waste from the site
- Remove building demolition rubble and recyclable materials at least daily
- Employ water mist to reduce production and offsite transport of dust and particulate from building demolition. Have this effluent drain to suitable collection points or to municipal sewers after being pre-treated to acceptable levels.
- Transport dust generating wastes in covered vehicles. Periodically monitor effectiveness of dust covers during transport.

#### MINIMIZE

- Develop and deploy a grievance mechanism for local area residents to facilitate understanding of impacts and issues in a timely manner

#### OFFSET

- Remove accumulated waste materials
- Immediately implement a rodent removal/destruction program
- Compensate local residents negatively affected by uncontrolled activities
- Provide physical and other health-related examinations for individuals claiming physical harm from demolition activity

## Cocoa export company

### RISK: Improper use of equipment and PPE

The African Future Cocoa Company was established in 1988 in Ghana to produce cocoa for the local market and to create the basis for a future export industry. The company's most recent audit by a social/environmental organization reported that the use of machetes, axes, harvesting hooks, pruners, ladders and chain saws are posing hazards to farm workers. Most farming tools are designed for men and do not meet the physical needs of women and young people. The most common injuries sustained by farm workers include: cuts when weeding, harvesting and breaking pods; broken bones and other bodily injuries when falling from ladders. In addition, common complaints from cocoa farmers include general body and back physical distress and discomfort caused by frequent contorting, twisting, bending and carrying heavy loads. When injured, farm workers often have limited access to first aid or lack money for medical care.

IMPACT
<ul style="list-style-type: none"> <li>• Bodily injuries including abrasions, strains, wounds and bone fractures sustained by farm workers</li> </ul>
AVOID
<ul style="list-style-type: none"> <li>• Regularly purchase and distribute appropriately sized farming tools to male, female and young workers</li> <li>• Define ergonomically correct use of cocoa farming tools; train farmers in these methods</li> <li>• Define, issue and train workers in correct use and maintenance of personal protective equipment (PPE)</li> <li>• Participate in industry sector initiatives to design equipment and tools that reduce hazards of cocoa farming activities</li> </ul>
MINIMIZE
<ul style="list-style-type: none"> <li>• Mandate adequate rest periods</li> <li>• Restrict working hours to the legal limit to avoid workers' fatigue and likelihood of accidents</li> <li>• Conduct frequent tool box training (orientation to specific assignment and equipment) before work shifts to refresh workers' knowledge of hazards and accident avoidance</li> <li>• Train farm workers in the identification of hazards and procedures to control them: e.g., handling of sharp tools, lifting heavy loads, use of chainsaws only by trained operators, zero tolerance of alcohol and prescription and non-prescription narcotics</li> <li>• Put in place a team of experienced farm workers responsible to do regular OHS training to all workers and monitor accident rate</li> </ul>
OFFSET
<ul style="list-style-type: none"> <li>• Retroactively identify injured workers and provide injury-related health care and rehabilitation</li> <li>• Work with local authorities to expand coverage of the local health center to adequately treat workers who experience occupational injuries</li> </ul>

## 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 employs 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
<ul style="list-style-type: none"> <li>• Discrimination against contract or migrant workers</li> <li>• Forced labor/human trafficking</li> </ul>
AVOID
<ul style="list-style-type: none"> <li>• Decrease company's reliance on temporary workers</li> <li>• Use only legally accredited recruitment agencies</li> <li>• Develop adequately defined hiring and remuneration policies and terms of employment for contract/migrant workers; communicate policies to workers, supervisors, managers and recruitment agencies</li> <li>• Ensure organizational labor policies are understood by the recruitment agencies; make policies contractually binding under the service agreement with recruitment agencies</li> <li>• Periodically monitor and audit recruitment agencies' labor performance as per the organization's own policies and procedures and local law</li> </ul>
MINIMIZE
<ul style="list-style-type: none"> <li>• Make sure that contract/migrant workers are informed (in all applicable languages) on their rights including wages, benefits and deductions</li> <li>• Agree with recruitment agencies on reasonable, at-cost deductions for housing, transport and other services provided to contract/migrant workers (workers should not be responsible for paying recruitment fees)</li> <li>• Make sure all contract/migrant workers receive contracts and periodic clear records of pay calculations in their native language</li> <li>• Implement a grievance mechanism accessible to both permanent and temporary workers</li> <li>• Periodically talk to contract/temporary workers on complaints and opportunities</li> </ul>
OFFSET
<ul style="list-style-type: none"> <li>• Make sure that workers are reimbursed for illegal deductions made by recruitment agencies</li> <li>• Retroactively pay workers whose compensation did not meet legal minimum wage (or agreed contract value if higher than legal minimum)</li> </ul>

## 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 (m<sup>3</sup>) 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
<ul style="list-style-type: none"> <li>• Contamination of surface water/downstream river</li> </ul>
AVOID
<ul style="list-style-type: none"> <li>• Investigate and reduce all sources of wastewater and minimize non-consumptive water usage</li> <li>• Develop water balance to manage supply and usage</li> <li>• Modify/replace water-intensive or wet processes with zero-water or water-efficient technologies (e.g. sweeping with brooms vs. sweeping with water)</li> <li>• Replace or minimize the use of potentially toxic or hazardous substances that may contaminate wastewater</li> <li>• 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)</li> </ul>

## 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 temporary 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

## Textile Mill

### RISK: Lack of Fire Safety

A mill in Indonesia produces wovens and non-wovens for industrial purposes. A couple of weeks ago a fire broke out in a similar factory nearby. During the fire 18 workers were seriously injured. This accident has brought fire safety to the top of the agenda for the management of the mill. They suddenly realize this could happen to them as well. The workers of the mill are also aware of the risks. They started to ask management questions about the fire safety in their factory. They realize they do not know what to do or where to go in case of a fire. Clients also expressed their concerns.

#### IMPACT

- Life and health risks due to lack of fire safety programs

#### AVOID

- Conduct a risk assessment and review your building's design and operation to identify how it can be upgraded towards compliance with contemporary local and internationally-accepted fire safety codes, with particular attention to:
  - Fire prevention (e.g. electrical installations, storage of flammable materials away from ignition sources and hot surfaces, etc.);
  - Means of egress (e.g. at least two - but not less than the number prescribed for building size and occupancy - clearly marked and unlocked emergency exits per floor, back up battery powered emergency lights, appropriately sized stairs with handrails and non-slip trading, etc.);
  - Fire detection and alarm systems (e.g. smoke detectors, visual and audible alarms);
  - Compartmentalization to limit the spread of smoke and fire;
  - Fire suppression and control (e.g. type, number and location of fire extinguishers, fire hoses and other equipment to extinguish fires)
- Undertake weekly/daily inspections to confirm that emergency evacuation routes and emergency exit doors are clearly marked, well lit (even in the event of a power failure at night), unobstructed and unlocked
- Annually conduct a fire and emergency risk assessment to evaluate root causes such as electrical wiring, circuit breaker cabinets/fuse boxes, boilers, combustible dust, stored material, etc.
- Contract a certified and competent company for annual inspection, testing and maintenance of fire detection, alarm and suppression systems
- Locate buildings/plants/structures to minimize potential risks from forces of nature (e.g. earthquakes, tsunamis, floods, windstorms) and fires from surrounding areas and buildings
- Establish, communicate and implement fire safety and emergency preparedness and response policies and procedures through joint worker/manager safety/OSH committee

**MINIMIZE**

- Assemble and regularly train fire fighting and emergency response teams; the number of fire fighters and emergency responders must be proportional to the total workforce and there should be at least one for each section of the factory
- Provide identification of fire fighters and emergency responders (e.g. brightly coloured armband, color coded hard hats, badges)
- Conduct emergency drills at least every month; drills must be conducted in all work shifts
- Have staff practice emergency evacuation procedures regularly; ensure that new and temporary workers are trained on emergency evacuation procedures as part of their induction training
- Maintain records of accidents and incidents; have appropriate parties (e.g. engineering, maintenance, insurance manager) and joint management-worker health and safety committees regularly review records to confirm that appropriate actions to prevent reoccurrence have been taken
- Ask workers about hazardous conditions they notice and reward them for alerting management to them

**OFFSET**

- Provide medical care for people who are injured in the workplace
- Compensate for loss of life and loss of ability to work
- Ensure that the workers continue to receive their salary until relocation/re-opening of a factory damaged by fire

# Metal Cutting Company

## RISK: Worker exposure to metalworking fluids

Best Metalworks is a medium-sized metal cutting company in Bulgaria that produces a variety of different metal parts for medical devices. The company has seen increasing rates of employee turnover and employee absenteeism due to health issues. Many workers are complaining of skin irritation, difficulty breathing and other respiratory conditions, such as asthma and bronchitis. A group of workers recently quit after only six months on the job because of health problems and a worker who has been with the company for decades was recently diagnosed with cancer. These issues have been traced to exposure to metalworking fluids (MWFs). MWFs are used to decrease heat and friction in metal production operations and remove small metal particles from grinding and other processes. Workers can be exposed to MWFs by inhaling the vapor or mist or through skin contact (e.g. from splashed liquid). The company asserts that all workers are instructed to wear personal protective equipment (PPE) to limit their exposure. However, workers have to pay for their own PPE. As a result, many workers do not actually use the PPE and are vulnerable to MWF exposure. Many workers also do not remember any training on proper handling of MWFs.

IMPACT
<ul style="list-style-type: none"> <li>• Negative health impacts on workers</li> </ul>
AVOID
<ul style="list-style-type: none"> <li>• Obtain Material Safety Data Sheets (MSDS) from suppliers to learn about MWFs' composition and associated hazards. Select and use MWFs with the lowest amount of toxic materials.</li> <li>• Install ventilation systems and maintain them regularly to ensure that they are working properly. Repair and replace the systems as needed.</li> <li>• Develop and implement policies and procedures for the proper handling of MWFs and maintenance of equipment to reduce MWFs contamination.</li> <li>• Place washing stations close to the work area to encourage good washing practices.</li> </ul>
MINIMIZE
<ul style="list-style-type: none"> <li>• Develop and implement a training program for all metalworking personnel about the hazards of MWFs and techniques to avoid and limit exposure, including regular housekeeping, proper cleaning techniques and appropriate use of personal protective equipment. Include information on good hygiene practices to limit exposure, such as regular hand-washing and changing contaminated clothing.</li> <li>• Based on a risk assessment, provide personnel with appropriate protective equipment free of charge (e.g. "resistant to oil" or oil-proof respiratory protection, goggles, face shields, gloves, chemical-resistant clothing).</li> <li>• Install emergency showers near working areas.</li> <li>• Regularly assess workers' exposure to MWFs. Identify high exposure tasks and monitor them through the appropriate air sampling strategy (e.g. personal air sampling). Monitoring results will determine if engineering and work practice controls are effective.</li> <li>• Periodically conduct medical screenings of workers exposed to MWFs to facilitate early diagnosis and treatment of associated diseases. Examination should include an employee-completed health questionnaire, limited examination of the areas of the body at risk (lungs and skin), and measurement of lung function (pulmonary capacity test).</li> <li>• Maintain records of all MWF-related accidents and worker's medical screenings. Conduct regular review and root-cause analysis.</li> </ul>
OFFSET
<ul style="list-style-type: none"> <li>• Provide medical care and timely assistance to affected workers.</li> <li>• Compensate for work-related health impacts and loss of ability to work according to local and national regulations.</li> </ul>

# Community Hospital

## RISK: Contamination of indoor air

Country Hospital is one of the oldest hospitals in Antipolo City, Philippines. The 150 bed hospital is owned by a local Trust and has been known for providing quality health care services to the local community for more than a century. For the last several months, hospital employees and patients have been complaining of poor air quality, stuffiness, and unpleasant odors, accompanied by symptoms of eye, nose, and throat irritation and nausea. Absenteeism among the staff is on the rise, which often results in the disruption of essential services during outpatient department hours. Concerned with the growing patient complaints and disruption in essential medical services, the Hospital Administrator recently consulted the Maintenance Manager, who suggested that the problem may be due to HVAC system inadequacies, such as a deficiency of air exchanges, poor air distribution, poor thermal control, and inadequate maintenance procedures. The Maintenance Manager created a team to further investigate the issue and implement suitable control measures. Upon careful investigation, the team discovered several other issues including cross contamination from the underground parking garage, infectious disease wards, food preparation area, sterilization units, and operating rooms. These issues are contributing to the indoor air quality problems in the hospital.

IMPACT
<ul style="list-style-type: none"> <li>Negative health impacts on personnel and patients due to poor indoor air quality</li> </ul>
AVOID
<ul style="list-style-type: none"> <li>Implement an inspection and preventive HVAC maintenance program to prevent re-occurrence.</li> <li>Develop and implement policies and procedures related to the cleaning and servicing of the HVAC system. Regularly drain, clean and replace HVAC components (e.g. drain pans, ducts, air dampers, cooling towers, filters, etc.) to minimize the potential for microbial growth or contamination.</li> <li>Review and modify the orientation of air intakes and exhausts to eliminate cross-contamination from local pollution sources, such as parking areas, garages, loading zones and cooling towers.</li> <li>Relocate intake points or consider adding specialized filtration, such as activated carbon.</li> <li>Ensure that the minimum outside air damper settings are enough to provide adequate amounts of outside air and that these are not being closed inappropriately for energy efficiency.</li> <li>Determine pressure relationships within the facility and implement engineering controls (air flows from positively pressurized to negatively pressurized spaces).</li> </ul>
MINIMIZE
<ul style="list-style-type: none"> <li>Train appropriate personnel to monitor air quality levels regularly and make the necessary adjustments in the HVAC system as required.             <ul style="list-style-type: none"> <li>Monitor carbon dioxide levels regularly and determine the adequacy of the outside air supply.</li> <li>Monitor carbon monoxide levels regularly as an indicator of the infiltration of combustion byproducts.</li> <li>Monitor respirable suspended particles as an indicator of filtration effectiveness.</li> </ul> </li> </ul>
OFFSET
<ul style="list-style-type: none"> <li>Provide timely medical treatment to affected personnel and patients.</li> </ul>

# Organizational Capacity and Competency

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

## 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 professionals 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 maintenance. 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 situations 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 supervisors and workers, as they are key frontline identifiers of problems.

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.

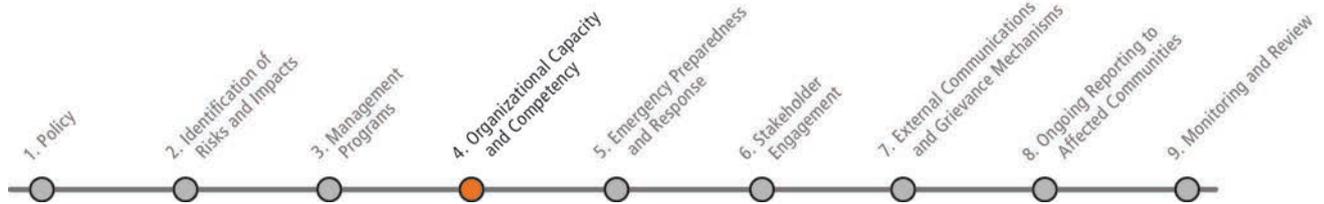
4 Multiple units have E&S responsibilities, and senior management is involved. E&S is managed as an integrated system. New staff receives some E&S management guidance.

3 All levels of the company are involved in awareness 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 issue is handled only by one functional area. Some awareness training is provided at orientation and additional training is provided for EHS staff.

1 No assigned staff with E&S management responsibilities. Some limited awareness and E&S roles and responsibilities starting to get defined. No systems awareness or repeatable processes.

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



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, the team members 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 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 to 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.

**AWARENESS****COMMITMENT****IMPLEMENTATION**

# Emergency Preparedness and Response

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

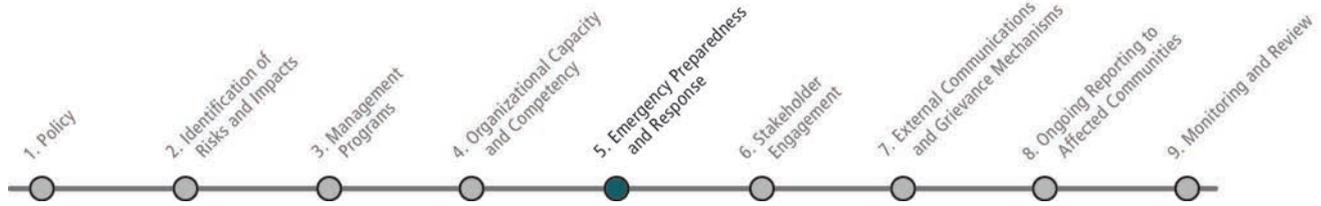
Emergency management planning is not effective, as all emergency risks have not been identified. Occasional trainings are provided to workers.

0

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

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 a momentary lapse 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.



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 and obtain 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 test 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 Chemical Spill 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 OHS Hazards and Emergency Situations

Occupational health and safety (OHS) hazards in the workplace can be divided into five categories: physical, chemical, biological, ergonomic and radiological.

You should identify the specific hazards that are relevant to your company's operations during your risk assessment, using methodologies such as job safety reviews or job hazard analyses. Based on those results, create Action Plans to mitigate the risk or eliminate the hazard. Action plans should include information about the required tasks, the assigned staff person, and your expected timeline for completion.

Your management program should seek to first avoid negative impacts from each hazard, by eliminating or substituting the equipment, material, or work activity that is causing the hazard. If it is not possible to eliminate the hazard, you should seek to minimize the impacts of hazards by instituting engineering controls (e.g. by installing machine guards or active ventilation) and administrative controls (e.g. job rotation, clear work instructions, warning signage). You should also provide technically appropriate personal protective equipment (PPE) and train your personnel on the appropriate use and maintenance of supplied PPE.

OHS emergency situations often occur because of gaps in a company's management system. Thus, even though the hazards may seem to be very different, (e.g. slips and falls due to spilled liquids versus exposure to radiation) they are often the result of the same root cause – ineffective implementation of the ESMS. The tables below describe common workplace hazards and their associated potential impacts. They also illustrate how ineffective or incomplete implementation of any of the 9 ESMS elements can be the root cause of such situations. The examples provided below are not an exhaustive list. You should identify gaps in your own system to determine potential root causes of problems during your risk assessment.

PHYSICAL HAZARDS		
Examples	Potential Impacts	
<ul style="list-style-type: none"> <li>• Slipping on spilled liquids</li> <li>• Falling from heights</li> <li>• Working with improperly enclosed, unguarded or moving machinery</li> <li>• Exposure to high noise levels</li> <li>• Touching exposed or faulty electrical wires</li> <li>• Collision with moving equipment (e.g. cranes, vehicles, forklifts)</li> <li>• Exposure to extreme temperatures</li> <li>• Working in confined spaces</li> <li>• Ignition of dust or flammable materials</li> </ul>	<ul style="list-style-type: none"> <li>• Sprains and strains</li> <li>• Fractures</li> <li>• Cuts</li> <li>• Traumatic amputation</li> <li>• Hearing threshold shifts and loss</li> <li>• Hypothermia</li> <li>• Heat stress, dehydration and heat stroke</li> <li>• Electrocutation</li> <li>• Asphyxiation and/or burning in case of fire</li> <li>• Death</li> </ul> <p>Fires may have disastrous impacts on worker safety and can destroy your business.</p>	
Example Root Causes		
<p><b>Management Program:</b></p> <ul style="list-style-type: none"> <li>• Lack of, inadequate, or improperly implemented safety procedures and equipment procurement and maintenance procedures.</li> </ul>	<p><b>Organizational Capacity and Competency:</b></p> <ul style="list-style-type: none"> <li>• Ineffective or insufficient worker training</li> <li>• Failure to assign a responsible party for managing hazards.</li> </ul>	<p><b>Emergency Preparedness and Response:</b></p> <ul style="list-style-type: none"> <li>• Lack of, or inadequate emergency preparedness and response plan</li> <li>• Insufficient mock drills</li> <li>• Failure to include contract and temporary workers in emergency planning</li> </ul>

<b>CHEMICAL HAZARDS</b>		
<b>Examples</b>	<b>Potential Impacts</b>	
<ul style="list-style-type: none"> <li>• Skin contact, inhalation, or ingestion of pesticides or cleaning agents</li> <li>• Inhalation of metal dust or fumes</li> <li>• Inhalation of toxic gases such as ammonia and carbon monoxide</li> <li>• Ignition of flammable liquids or gases</li> </ul>	<ul style="list-style-type: none"> <li>• Skin irritation and burns</li> <li>• Irritation of eyes, nose and throat</li> <li>• Breathing difficulty</li> <li>• Intoxication</li> <li>• Damage to internal organs</li> <li>• Damage to nervous, immune, and reproductive systems</li> <li>• Cancer</li> <li>• Asphyxiation and/or burning in case of fire</li> <li>• Death</li> </ul> <p>Fires from ignited flammable liquids or gases may have disastrous impacts on worker safety and your business.</p>	
<b>Example Root Causes</b>		
<p><b>Identification of Risks and Impacts:</b></p> <ul style="list-style-type: none"> <li>• Incomplete risk assessment of chemicals and raw materials used in the facility</li> <li>• Lack of awareness of chemical risks in the workplaces</li> </ul>	<p><b>Management Program:</b></p> <ul style="list-style-type: none"> <li>• Use of incompatible or damaged storage containers</li> <li>• Uninformed or incorrect labeling</li> <li>• Insufficient monitoring of allowable chemical concentrations in the workplace</li> <li>• Inadequate PPE</li> </ul>	<p><b>Emergency Preparedness and Response:</b></p> <ul style="list-style-type: none"> <li>• Lack of or incomplete emergency response planning</li> <li>• Poorly executed emergency detection, alarms, evacuation, and fire suppression systems</li> <li>• Insufficient worker training and mock drills</li> <li>• Lack of communication or awareness of individual responsibilities during emergencies.</li> </ul>

BIOLOGICAL HAZARDS		
Examples		Potential Impacts
<ul style="list-style-type: none"> <li>• Exposure to blood or bodily fluids that may carry pathogens</li> <li>• Exposure to airborne bacteria, viruses or mold/fungi</li> <li>• Exposure to animal feces that may carry pathogens</li> <li>• Exposure to insect-borne diseases of public health significance</li> <li>• Exposure to poisonous plants, animals, or insects</li> </ul>		<ul style="list-style-type: none"> <li>• Debilitating diseases among workers and even death</li> <li>• Spread of diseases among local communities impacting public health and local economic productivity</li> </ul>
Example Root Causes		
<b>Management Program:</b> <ul style="list-style-type: none"> <li>• Improper handling or storage of biological materials</li> <li>• Insufficient systems to test for the presence of infectious materials</li> <li>• Failure to perform elemental epidemiological studies to determine local disease incidence and prevalence, routes of transmission, and associated control measures</li> </ul>	<b>Stakeholder Engagement:</b> <ul style="list-style-type: none"> <li>• Failure to inform and consult with local community in developing and implementing essential response actions to spread of disease</li> <li>• Failure to recognize project impact on growth and propagation of insect-borne diseases</li> <li>• Local communities not considered for disease vector control</li> </ul>	<b>Monitoring and Review:</b> <ul style="list-style-type: none"> <li>• Failure to monitor and review production and transport activities to ensure that safety procedures are being followed and improved as needed</li> </ul>

ERGONOMIC HAZARDS		
Examples		Potential Impacts
<ul style="list-style-type: none"> <li>• Improper lifting techniques for heavy items</li> <li>• Repetitive motions</li> <li>• Improperly designed or aligned work stations</li> <li>• Standing for extended periods</li> <li>• Continued overexertion</li> </ul>		<ul style="list-style-type: none"> <li>• Strains and sprains to muscles and connective tissues causing pain, inflammation, numbness, or loss of muscle function</li> </ul>
Example Root Causes		
<b>Identification of Risks and Impacts:</b> <ul style="list-style-type: none"> <li>• Incomplete risk assessment of working areas</li> <li>• Lack of awareness of ergonomic risks in the company</li> <li>• Lack of consultation with workers about risks and solutions</li> </ul>	<b>Organizational Capacity and Competency:</b> <ul style="list-style-type: none"> <li>• Insufficient worker training on proper alignment</li> <li>• No responsible party for identifying and managing ergonomic hazards</li> </ul>	<b>Monitoring and Review:</b> <ul style="list-style-type: none"> <li>• Failure to monitor that ergonomic safety procedures are being followed and improved as needed</li> <li>• Lack of implementation of identified improvements</li> </ul>

RADIOLOGICAL HAZARDS		
Examples	Potential Impacts	
<ul style="list-style-type: none"> <li>• Exposure to ionizing radiation (x-rays, gamma rays)</li> <li>• Exposure to non-ionizing radiation (ultra-violet, visible light)</li> <li>• Accidents involving radioactive materials</li> </ul>	<ul style="list-style-type: none"> <li>• Skin lesions, radiation sickness, and cancer, caused by ionizing radiation</li> <li>• Burns, blindness caused by non-ionizing radiation</li> <li>• Negative health impacts on local community</li> </ul>	
Example Root Causes		
<b>Identification of Risks and Impacts:</b> <ul style="list-style-type: none"> <li>• Lack of awareness of radiation sources and associated risks in the company</li> </ul>	<b>Management Program:</b> <ul style="list-style-type: none"> <li>• Use of expired radiation licenses or improperly maintained radiation sources</li> <li>• Lack of or inefficient procedures regarding allowable exposure limits and worker exposure periods</li> <li>• Inadequate PPE</li> </ul>	<b>Stakeholder Engagement:</b> <ul style="list-style-type: none"> <li>• Failure to communicate with affected communities on the necessary precautions and emergency response actions in case of a radiation emergency</li> </ul>

## Emergencies Caused by External Events

In addition to emergencies that may result from workplace hazards, all workplaces are also vulnerable to other types of accidents and emergencies, including manmade or natural disasters. Some of these situations may be preventable, such as fires resulting from improperly stored flammable chemicals, while other may not be, such as an earthquake.

The following list includes common types of emergencies, all of which can result in significant worker injury or death, as well as disruption of operations, destruction of property, and severe financial losses.

During your risk assessment, you should identify the emergencies that are most likely to occur in your area and create a comprehensive emergency preparedness plan so you can respond properly to the unplanned event and minimize damage to your company and workers in case of an emergency.

Possible manmade or natural disasters include:

- storms, including tornados, typhoons, and hurricanes (many can result in flooding);
- flooding, earthquakes and associated tsunamis, and volcanic eruptions;
- local and regional fires;
- explosions, including accidental, military or terrorism;
- civil unrest; and
- chemical spill or release of hazardous substances due to ruptured containers, transport accidents, earthquakes and other natural disasters.

# 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

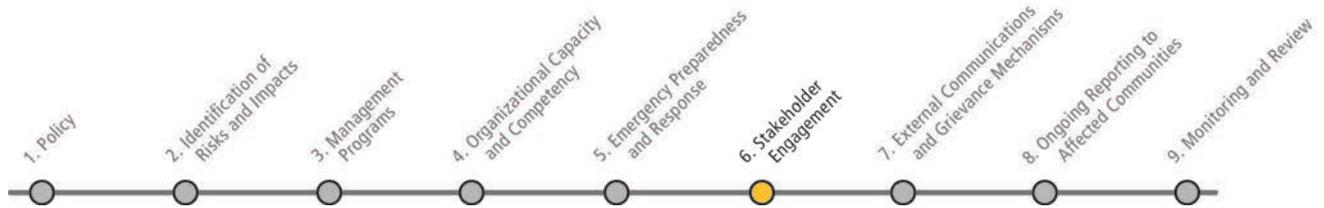
Little or no transparency with stakeholders.

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 is different, 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 used and 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 Communications and Grievance Mechanisms).

If it is determined that there are affected communities, you need to implement a Grievance Mechanism (see Element 7, External Communications and Grievance Mechanisms) 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**

<b>Stakeholder</b>	Any person or organization that has an interest in or is affected by your company
<b>Affected Communities</b>	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

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.

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

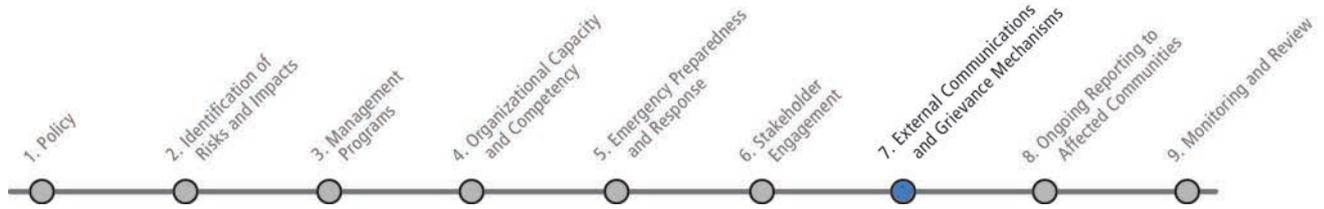
Even if affected communities per se are not identified, you should always establish and maintain a publicly available and easily accessible channel for stakeholders to contact you (e.g., phone number, website, email address, etc.).

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.



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 to be 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.”

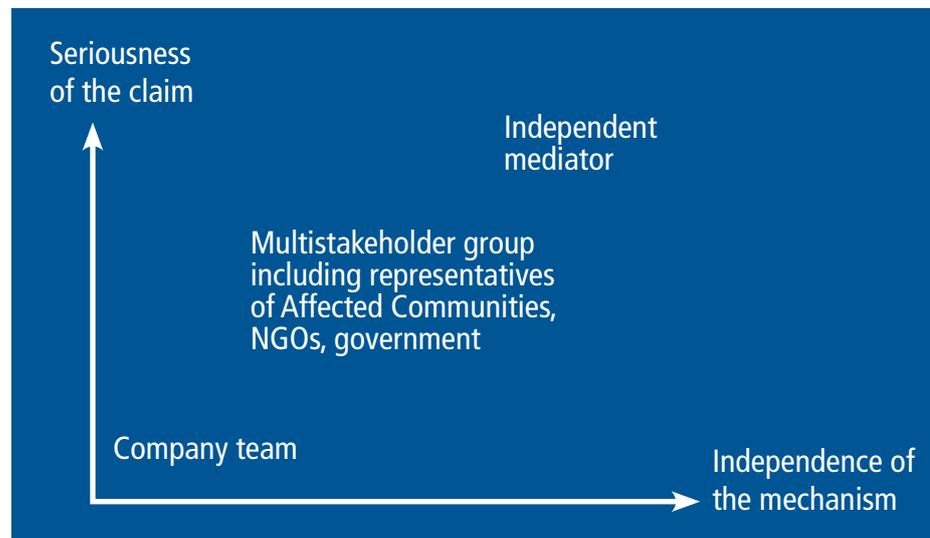
The more serious the claim is, the more independent the mechanism should be to determine the resolution and options for redress.

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.

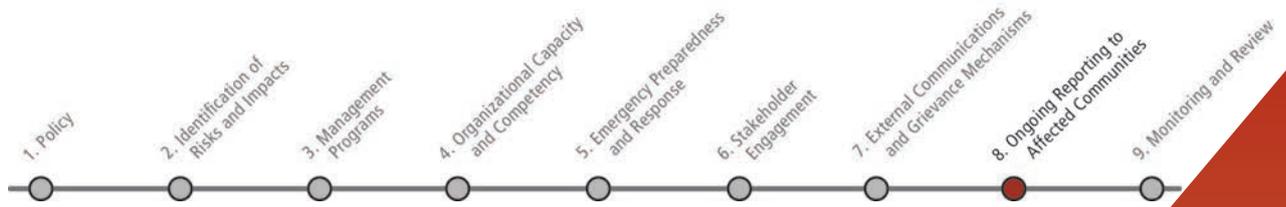
CULTURALLY APPROPRIATE AND ACCESSIBLE when:

- 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 they will receive 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 annual. 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 commitments 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).

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.

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

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

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

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

No reporting.

5

4

3

2

1

0



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

# 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

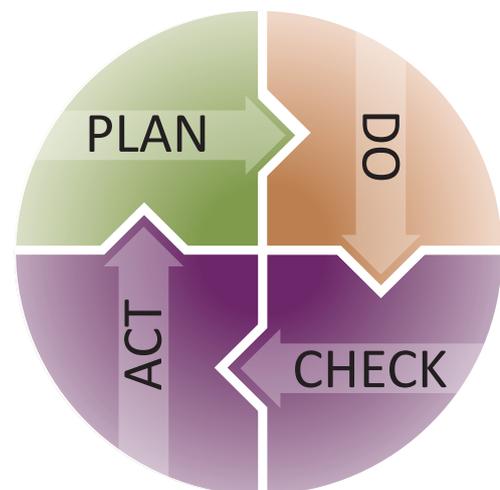
Few monitoring plans to satisfy regulatory requirements. No formal review activities. No systems awareness or repeatable processes

0

No monitoring of E&S performance.

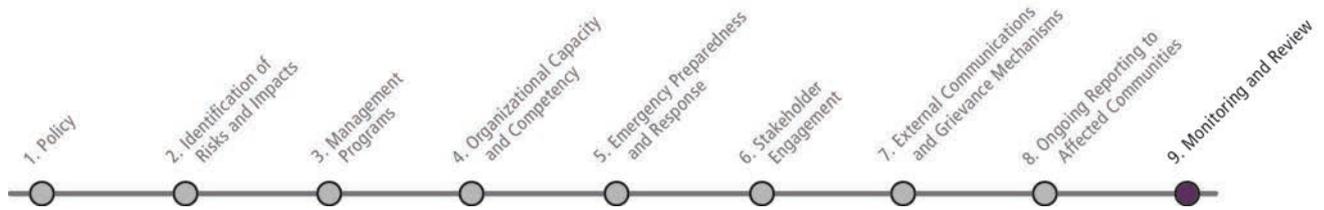
We've talked about the relationship between your ESMS and the Plan-Do-Check-Act cycle of continual improvement. Monitoring and review are critical, because this is how you check and adjust the system.

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:

- energy consumption;
- volume of solid waste disposal;
- water consumption;
- liquid effluents discharge;
- emissions to air;
- 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;
- wage levels;
- incidences of child labor;
- incidences of disciplinary and discrimination 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 Global Reporting Initiative, which provides a list of indicators for various industries.

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](http://www.ifc.org/sustainability)



Look at the **Monitoring Plans** in the Toolkit for more examples of key indicators common for various industries.

## THE BASICS OF MONITORING

### Visual observation

**physical walk-throughs of your facility and surrounding land.** Examples of what you might observe: fire detection, alarm and fighting equipment, use of PPE, warning signs, storage of hazardous materials, drinking water and sanitation facilities, information displayed on notice boards (e.g. policies and regulations, salary scales, wages), 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 using equipment that is properly calibrated.** Examples of what you might check: water and energy consumption, emissions to air, effluents, noise decibel levels, dust levels, ambient temperature, light levels.

### Document review

**looking through documents and records.** Examples of what you might review: water and energy bills, waste disposal records, chemical use and discharges records, inspection records, OHS records, complaints 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 Interviews.

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
<b>5</b>	Mature system implemented internally and with key supply chain partners – continual improvement embedded in operations								
<b>4</b>	Systems well-developed and implemented internally – routine improvement projects								
<b>3</b>	Systems approach adopted, but development and implementation is inconsistent - improvement sporadic								
<b>2</b>	Limited system development with sporadic implementation – primarily reactive								
<b>1</b>	Little systems awareness or repeatable processes								
<b>0</b>	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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March 2015