

What You Need to Know About ISO 45001: It's a Leading Concern

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An important question to consider regarding the anticipated ISO 45001 international standard for health and safety is whether it represents a useful, new approach to occupational health and safety management or is it simply an overly prescriptive set of rules and regulations more likely to constrain business activity?

As a reminder, the ISO 45001 standard spells out requirements for an occupational health and safety management system (OHSMS) through a framework intended to improve employee safety, reduce workplace risks and create better, safer working conditions. The standard is currently being developed by a committee of occupational health and safety experts, and will consider other international standards in this area such as OHSAS 18001, the International Labor Organization's ILO-OSH Guidelines, various national standards and the International Labor Organization's standards and conventions. ISO 45001 is targeted to be published by April, 2018, assuming the final draft international standard passes the ballot stage. The result of this vote should be known by February 2018.

When presented with new legal or regulatory hurdles, organizations and businesses might typically take a balanced-judgment approach to consider things. They might ask: Is this new standard something that's good for my business, will it provide a competitive advantage, will there be a disadvantage for those organizations that choose not to adopt the standard? What are the costs/benefits of implementation or the penalties of inaction?

The ISO 45001 standard spells out requirements for an occupational health and safety management system (OHSMS)

What sets the ISO 45001 standard apart from others is an emphasis placed on the responsibilities of top management. The standard envisages the role of top management as being to create, orchestrate, maintain, monitor, develop and actively promote a management system that takes occupational health and safety (OH&S) policies and embeds these into the culture and operation of a business's everyday activities. The corollary to this is that sufficient financial, personnel and time resources must be devoted to the successful implementation of an OHSMS. At the heart of the ISO 45001 standard is a need for worker involvement in implementation through participation in decision making, evaluation procedures and feedback mechanisms.

The core philosophy, which will find common ground for ISO 45001 throughout all sections of business, is the necessity to provision systems and approaches that prevent accidents and injuries, and which ultimately create safe workplaces that provide for worker well-being.

The standard also tackles the thorny issue of context – the necessary geographical, cultural and legal variations required and the need for appropriate approaches and systems to consider these differences and apply necessary local context. While there can be a centralized system for multinational sites, the “local” requirements must also be considered, particularly if these require a higher level of occupational health and safety performance. Furthermore, where production is outsourced, under ISO 45001, the parent organization's OH&S standards must be applied. It raises problems of accountability and control. For example, who monitors/accredits or audits the subcontractors? Where supply chains links have been extended, practical oversight clearly poses problems.

What are the answers to these core issues of responsibility and accountability? And how much will it cost business?

The flexibility in the means for demonstrating compliance to the standard is an attractive approach for organizations because it allows them to self-verify compliance. Alternatively, an organization may choose the route of a second-party audit by way of inspection by customers, or by an independent third-party audit leading to accreditation.

Organizations with management systems in place should find it easier to incorporate self-verification into their processes.

Will this work? Organizations with management systems in place should find it easier to incorporate self-verification into their processes. However, those with limited resources may be dependent upon a second-party inspection. But it's an approach that may lead to abuses. The certification-based system implies additional costs which easily can reach six figures.

Those in top management who may already envisage poor return on investment need to think beyond such a consideration. There is a global sea change underway that sees initiatives regarding workers' rights and ethical business performance included in a wide variety of current and future agreements. The United Nations and World Health Organization and indicators in the Global Reporting Initiative now include health and safety in their respective evaluations of performance. Times are changing and business leadership needs to think beyond the sole notion of profitability.

Still, the reputational and financial impacts are enormous for shareholders, stakeholders and executives in those organizations found to be guilty of OH&S management failures that lead to injury and accidents. For example, the Deepwater Horizon offshore drilling rig oil spill now approaches US\$63 billion in liabilities costs. Criminal sanctions against individuals deemed to have been safety negligent can lead to imprisonment. Moreover, the insurance costs to meet the liabilities of individuals, executives and corporations who disregard certain new conventions and international standards is yet unquantifiable, but will surely be substantial and will also be reflected in the compensation awarded to claimants.



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In this discussion, below, a more detailed examination will be made into the mechanisms and approaches that companies might create to implement the new ISO 45001 standard. This document will address key questions regarding the hurdles to be cleared to ensure compliance with the standard, together with examination of the rollout procedures that will be required within organizations.

However, the essential message is that the hens have come home to roost regarding leadership accountability. Although functional tasks may be delegated, the ultimate responsibility for implementing OH&S policies, as expressed by ISO 45001, squarely rests with senior management.

So, willing or not, the buck stops at the top. It is for business leadership to embrace the opportunities that ISO 45001 brings.

METHODOLOGY AND HOOPS

There can be a resistance or a reluctance to embrace new “ideologies” especially where regulations are involved.

ISO 45001 is not a mandatory requirement, but leadership needs to be a driving force to establish and embed the guiding principles of ISO 45001 within the culture of a business. Having top management take on the responsibility makes it an easier “sell” to the rest of an organization.

Time, financial resources, and people will need to be allocated to the effort. Costs will vary, depending on the size of organization, the sector of operations and associated risks, and the context of the business unit. The “setting or context” (the phrase used in the standard) will vary with geographic location, regional and local customs and laws, national laws, and prevailing levels of education with the attendant language and cultural barriers. One of these constraints can even add to the costs for an organization, but are not reflected in improvements to safety, e.g. unnecessarily bureaucratic notifications procedures. Initially a gap analysis will need to be performed to consider an organization’s current level of OHSMS performance and what needs to be done in order to achieve ISO 45001 conformity. There may for some already exist compliance with other integrated managements systems such as ISO 9001 and/or 14001. OHSAS 18001 is a BSI standard that many have currently achieved. Compliance confers a measurable status of achievement and benchmark of performance.

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Gap analysis can be performed with commercially available diagnostic tools that lay out a step-by-step improvement program to reach the performance levels required for accreditation, irrespective of the size of a business. Where an organization is sufficiently large and has designated occupational health and safety practitioners, there should exist sufficient expertise needed to evaluate and implement the requirements of ISO 45001. However, as with all regulatory standards in their published form, the requirements can be tautological and confusing for those without qualified staff to understand the intent and importance of the clauses.

For those in this category there will be other commercially available products that can provide interpretation of the various complexities. Still other organizations may opt to employ management consultants with extensive knowledge of ISO 45001.

A major tenet of ISO 45001 is a requirement to provide channels of communication throughout the organization to disseminate OH&S policies and receive feedback. Employee participation is critical, including from individuals, representatives, committees, or trades unions. Time and resource allocations will be needed for regular meetings, internal notifications or publications.

These efforts should form part of a greater active consultation effort with an unwavering directive from management to ensure protection for workers from reprisals or retribution if they raise valid issues about dangerous practices or perceived workplace shortcomings.

It is not enough to simply adopt the principles of a standard and assume requirements will be met. To ensure effective and efficient delivery, a rigorous system of oversight and enforcement should be put in place such that both the detail of the regulation be applied together with the creation of a culture of concern over the value of safety. If the value and importance of learning lessons from safety failings is emphasized and put into practice, it will lead to an improvement in safety performance and commensurate reduction in accidents and incidents. Repeated incidents that have similarities show there may be failure in systems and that lessons are not being learned

Reports into the Texas City refinery explosion 2005 (15 deaths and US\$1.6B in awarded compensation) showed that the organization was measuring its compliance with the U.S. law rather than actually assessing the potential and likelihood for disaster. Although the refinery had commissioned expensive audits and reports, top management failed to learn the lessons of the failings. The concerns of those on the operational level were much higher than those in managerial roles. “How it lives on the ground” is often not the same view seen by upper levels of management. The Baker report emphasized this difference of attitudes. The investigation into the Deepwater Horizon oil rig accident in 2010 demonstrated that lessons had not been learned. The stress that ISO 45001 places on leadership at the topmost level of the organization will help to ensure there is focus on the need to adopt accident report recommendations. Also, as ISO 45001 is envisaged as part of an integrated management system (IMS), other management functions such as finance and production will in the future be alerted to the needs of health and safety.



Fire-extinguishing operations after the Texas City refinery explosion.
Attribute: Chemical Safety and Hazards investigation Board

A NECESSARY CONVERSATION

Top management needs to set the tone for ISO 45001 conversation throughout the organization. If leadership is viewed as unwilling converts who resist a change for good and, instead, operate solely on the singular principle of meeting minimum requirements rather than wholly embracing the underlying philosophy of the standard, there will be potential risk for repeated accidents and efforts to improve the safety culture. The fundamental difference of from previous standards is an emphasis on the need for a responsible approach from the very top tier of management to provide a safe workplace embracing concerns for worker safety and well-being as the basis for decision making. The ISO 45001 philosophy is to embed OH&S within other business functions. Because it is also an IMS, there is the risk of some hostility or territorial possessiveness from other managerial staff. It may create potential risk both in the adoption and ultimate success of ISO 45001 by those who at best may not be willing participants and at worst might seek to un-dermine it. To minimize this “elbowing a place at the top table” attitude, top management must be communicating across the entire business, selling everyone on the value and benefit that OHSMS policies have within the core of safety and success.

The fundamental difference of the from previous standards is an emphasis on the need for a responsible approach from the very top tier of management to provide a safe workplace embracing concerns for worker safety and well-being as the basis for decision making.

The implementation of ISO 45001 should be culturally driven as a way of protecting not only the workers and shareholders, but also the managerial hierarchy. By clearly stressing the responsibility of top management there should not be any excuse of ignorance at the senior level and blame shifting to middle or lower management. There will be a positive incentive for those within the chain of management to pass upward their concerns and relay incidents and accidents such that accident reporting recommendations can be implemented. In accident reports, such as the Kings Cross Railway fire in London in 1987, the inertia and complacency of management regarding safety practices is cited as a major cause in the failure to foresee the potential for disaster. The clear definition of a pathway from incidents to report to recommendation to implementation under the oversight of top management establishes a chain of responsibility such that at all levels can be clear about role accountability for health and safety.

This approach should help create greater effectiveness in the anticipation and prevention of any major safety failing. However, even if safety failure occurs, the provision of this free flow of information and action could mitigate against financial or criminal penalties. Put simply, if a managerial system allows for an open and honest exchange regarding failure of health and safety processes and systems, and there is a clear onus on top management to provide the finance and leadership to address those failings, those within the management chain will find themselves significantly less vulnerable to blame.

Communication to the entire organization should emphasize, not only the moral obligation to protect the workforce, but also the idea that ISO 45001 provides for the financial well-being of the organization and the ability to effectively compete with others in the market place at a local, regional and global levels.

It is a fact that ISO 45001 is a truly global standard that is of major importance and should be among the key driving forces in its adoption. Organizations that operate on a limited local basis may not feel inclined to adopt the standard. But if a business has ambitions to be part of a supply chain for a government, or a company that extends beyond national boundaries to export its products or services, then there is a clear need and compelling case for acquiring certification.

Because of ISO 45001, globalization can no longer be an option for companies that want to offload difficult and dangerous activities to low cost locations where there are lax labor laws. The extension of ISO 45001 in its reach will include suppliers and subcontractors that must apply the same standards as the core business so that the parent company can ensure its own compliance. That should be a wake-up call. Organizations within the retail and food and beverages sectors are characterized by being highly competitive and employing low skilled labor and reliant upon mostly global, supply chains. In the retail sector the Rana Plaza disaster of 2013 in Bangladesh was one of the worst ever industrial accidents in which 1,135 people were killed when an eight-storey building, housing five garment factories supplying global brands, collapsed.



Wednesday, 24 April 2013, an eight-story commercial building named Rana Plaza, collapsed in Savar Upazila of Dhaka, Bangladesh. The search for the dead ended on 13 May 2013 with a death toll of 1,129. This image, originally posted to Flickr, was uploaded to Commons on 12 May 2013, by Rijans007. On that date, it was confirmed to be licensed under the terms of Creative Commons Attribution-Share Alike 2.0 Generic.

In a low-skill environment there will always be the temptation to cut costs and disregard concerns about health and safety raised at work-floor level. However, the aftermath of the Bangladesh disaster saw some 200 global brands working together to improve safety. The adoption of ISO 45001 should emphasize the essential need to examine safety standards throughout an organization's supply chain to prevent similar tragedies occurring. There are no statistics that quantify the full health and safety costs to world trade as a result of management by market-based contracts, where the lowest cost bid is the winner, as opposed to selecting on the basis of acceptable standards of health and safety. But the standard, as it is currently drafted, requires this "outsourcing" method to conform to a client's own standards of health and safety. The global costs of accidents and ill health released at the World Congress in Singapore in September 2017 shows that work-related deaths have increased to 2.78 million per year. The global cost of the failure to adequately address health and safety concerns is estimated at 3.9% of global GDP per year or US\$2.99 trillion.

Circulation of key guidelines of the standard combined with the findings of a gap analysis (see previous section on Methodologies and Hoops) are a good way to perhaps inspire key managers in leading the overall cultural buy-in effort by convincing them to feel a part of the implementation and reporting process.

An occupational health and safety policy should be enshrined in the form of a written document that is communicated to all levels of the business. Those within the organization that are the channels for feedback and reporting should be able to access this written policy and also be involved in the ongoing process of developing and improving such policies and overall business performance. Protection for whistleblowers is essential. Intimidation and reprisals must be eliminated.

It may not be an easy sell. Internal relations between divisions and sectors can be fraught with misunderstandings. What is unique about ISO 45001 is that it seeks to establish a top executive who is wholly responsible for its implementation within an organization. This peak of the accountability pyramid must foster an organization-wide focus of attention and drive the need for commitment that cannot be disputed, sidelined or off loaded.

CALLS TO ACTION

Best practice is more effectively achieved through persuasion and education rather than through threats and punishments.

If one has the authority to influence the formulation of OH&S policies and can persuade an organization of the legal, moral, economic and competitive benefits to be gained from adopting ISO 45001, then it is vital to convey the core message that: “Reactive responses are damaging whereas proactive actions are all about damage prevention.” A 2009 report by the UK’s Oxford Brooks University, entitled: Understanding the Role of Supply Chain in Influencing Health and Safety at Work, addresses the issue of the downward pressure on health and safety standards, deskilling and casualization of labor and the attendant lowering and fragmentation of health and safety standards. The report notes attempts to improve the standards were “most likely to occur where these were seen to support the business interests of buyers, and, in particular, when external economic, social and regulatory pressures serve to generate reputational risks.” The report’s conclusions were pessimistic and cited a shift towards working environments that had no mechanisms for worker representation to challenge unsatisfactory conditions. Any initiatives to improve the situation were seen to be successful only if the parent organization or buyer adopted standards, “encompass adequate mechanisms for supervising and controlling supplier compliance with them.” ISO 45001 will address these core issues by putting the emphasis of compliance of outsourcing as a responsibility that must be owned by the parent organization. This will then require top management to actively assess the systems of the supply chain before appointing them - the proactive element which will be a fundamental difference of approach to the reactive response to an accident.



Regardless of an organization's size or the impact of occurrence there will be victims and consequences. With real-time and on-site reporting of accidents, and global 24-hour news and blanket media coverage of such events there is never a lack of experts on hand to point the finger of blame at the management of those organizations involved.

The best defense any organization can offer to charges of negligence must be the adherence to a clearly defined OH&S management system that is wholly integrated within an organization and in compliance to an internationally recognized standard such as ISO 45001. Where such a standard is in force and the organization is compliant, the chief executive can clearly assert with conviction, that rules, procedures, checks and monitoring together with worker participation and feedback in relation to health and safety issues have been applied and that they are personally cognizant of these systems. This is both an indication of personal action, showing that leadership has accepted its responsibility for ensuring the health and well-being of interested parties, and a legal protection against charges of negligence.

Whether an event occurs on a localized site or a global catastrophe the narrative remains the same - there is a cause and effect relationship to people's actions or inactions. By adopting a proactive preventative approach, management accepts a moral responsibility to protect people and the environment. Failure to embrace this positive approach to health and safety will have legal and economic consequences for the organization, its leaders and stakeholders.

TAKEAWAYS

The essential takeaways regarding the successful implementation of ISO 45001 are: the role of top management to be a driving force, the need for worker participation, the relevance of context, the monitoring and review of performance, and the need for continuous improvement. How might this impact your organization?

One of the prime motivating forces for any business is competition. The notion of “looking over your shoulder” at what the other guy is doing. Have they announced they are signing up to global initiatives and if so, by not doing likewise are we going to be left behind?

When a new instrument for standardization/regulation comes forward there should be pause for evaluation, to consider whether will it work, how will it apply to us, can we successfully adopt it and, if we don't, what is the competitive risk from those who do? For smaller operations who wish to advance and grow, the compliance to a recognized standard is a badge of attainment that means their methodologies regarding OH&S bear a stamp of approval.

A Trades Union report on contracting out work concluded, “when contracts go out, the risk to workers goes up.” It's recognition that sub-contractors often fail to meet the same standards of health and safety functions and documentation as the commissioning client. The badge of certification and compliance to ISO 45001 will provide valid proof that a contracting or outsourcing organization adheres to the same standards as its host or client.

The requirement for top management to be involved, means those organizations that fail to adopt the standard could be viewed askance by competitors and stakeholders. Lack of leadership commitment could be seen as organizational failure to accept moral, practical and financial responsibility for occupational health and safety, something that would not read well in company reports or prospectus. Investors and stakeholders view not only the current economic performance of an organization's activities, but its potential for growth or loss in the future.

Investment decisions are based on quantitative factors such as price and expected return on

investment through dividends, mergers and acquisitions and growth potential. However there are also qualitative factors that are key considerations in investment decisions made by fund managers or institutional investors. These include company ethics, and health and safety performance measures – factors that the international independent group Global Reporting Initiative (GRI) is going to begin to include in its indicators. Compliance to ISO 45001 and actively embracing its role of corporate responsibility to the wider economic and social environment would encourage a positive view of the status and potential for a safer investment.

So, given this looming new standard, what should you do today to prepare? Start by doing research and seek to begin understanding how ISO 45001 might impact and benefit your organization. Begin the conversation among your peers to align thinking and consider how the team might be a driving force to build consensus regarding plans and strategies for ISO 45001 adoption. Establish what is your current level of compliance in relation to other existing standards. There may be pre-work required to be in a position to successfully adopt this new standard.

Inform your senior leadership. Relay and communicate the essential facts and likely impacts of the standard up the management chain so that CEOs and CFOs are aware of and understand the impact it will have on the organization. An early discussion with such key members of management, where the emphasis can be placed on the positive aspects of the new standard can be stressed, will facilitate an early buy in to the system. This will support early financial planning needed to provide adequate resources for implementation. It will also provide an opportunity to open clear lines of communication such that top management are clearly informed at all stages of implementation.

Start the conversation as to how OHSMS can be integrated and aligned with other management systems. Since ISO 45001 is viewed as being part of an organization's integrated management system it is important for there to be consistency and uniformity across all areas, so that all sectors within an organization are clearly aligned in how they see their own areas of interest may be impacted by the standard. The movement to unified integrated systems will facilitate a common reporting, evaluation and recommended pattern of working which should be in the best interests of all.

Underscore the essential need for organizational responsibility to its stakeholders, shareholders, workers and the wider community.

Be candid about the fear factor of noncompliance. When faced with the introduction of any new system there can be a negative reaction from management staff who may be asked to evaluate the need for acceptance and compliance. While it is always good to stress the positive aspects of the new standard there is also a strong message regarding the failure to embrace such a change. It can include the impact on market share of the organization; will it lose out on contracts if competitors have compliance? Might there be a risk to supply-chain status? What impact will there be on share prices and stakeholders if an organization chooses NOT to adopt? What will be the organizational and management responsibilities and liabilities in the event of an accident occurring, if it can be shown that they refused to adopt a global standard that has international acceptance? There is always the risk of accidents and injuries, but where an organization shows strong commitment to a standard that has worker safety, well-being and the creation of a safe workplace as a core value, claims and liabilities may be mitigated and the position of top management protected.



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