

The Case to Replace: Why it's time to revisit your EH&S System



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Introduction:

We know what you're going to say. Trust us.

- We're experienced professionals; we've been doing it this way for the past 15 years.
- Why fix what isn't broken?
- We just don't have the money right now.
- We don't have time to train everyone on a new system.

We've heard all the arguments before, more than a few times. What you're doing right now might be working TODAY, but what about tomorrow? When the zillionth page of the Federal Register gets published, you might suddenly realize that you need to overhaul your manufacturing processes because of new conflict minerals rules.

And what about next year, when you open your very first facility in Germany? Are you confident that you understand the requirements, and that you're reporting to the proper regulatory bodies? And let's not forget that the Germany plant expands your reach into its sixth jurisdiction. Now you are simultaneously responsible for facilities in the U.S., Canada, Mexico, France, Germany and the U.K. Do you really want to deal with six different systems?

How do you keep track of all the different reports you have to file with the 30 different agencies you deal with? How many spreadsheets can you really look at before you start to lose your mind? How many content providers do you need to stay abreast of all the requirements for all your global facilities? How much is this costing you? What if you could streamline the process?

It can be done, and done so cost-effectively. We can certainly calculate your estimated cost savings, but that's only part of the story. It's also important to look beyond the raw numbers and examine some costs that are less quantifiable. It's time to re-examine your EH&S performance and processes with an eye toward efficiency and effectiveness.

This process involves looking forward, not backward. In a recent report on climate change, the United Nations called for the world to be carbon-neutral by 2100 (UN Climate Report). Most of us won't be around to see if that goal is achieved, but we can expect the global regulators to push us in that direction. Add to that the increased demand for accountability, transparency, and ultimately sustainability, and it's easy to make the case for taking a more detailed look at how you do things.

The Corporate Climate Change

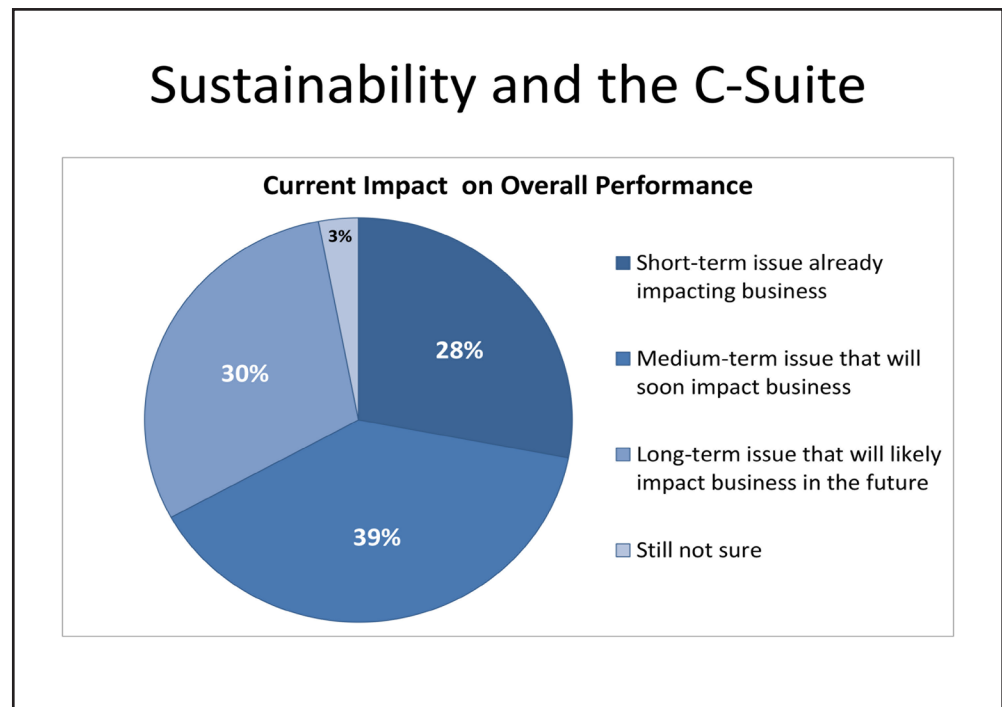
A recent Verdantix survey of C-Suite executives indicated that 67% of respondents identified sustainability as a short-term or medium-term issue that already affects, or soon will affect, their companies' overall performances. More specifically, 28% of the respondents indicated that sustainability issues were already affecting the bottom line (Verdantix Webinar).

Recent research published by the National Association of Environmental Managers (NAEM) indicated that corporate decision-makers are also starting to buy into the idea that there is a direct correlation between environmental performance and operational risk. Companies are always looking for ways to manage that, so the C-Suite is actually starting to pay attention to, and plan for, the prospect of climate change (NAEM).

While increased awareness is certainly welcome, NAEM stresses that compliance remains the primary focus of EH&S initiatives (NAEM). Ongoing research done by NAEM and Verdantix identify four areas of global regulatory focus, and rulemaking activity monitored by the RegScan One interface tends to support this hypothesis. The four topics are:

- REACH/RoHS Chemical Disclosures
- Conflict Minerals and other Supply Chain Issues
- Greenhouse Gas Emissions
- Sustainability Monitoring and Reporting

A common thread among the above four areas is an increased reliance on monitoring and reporting, which most NAEM experts believe is here to stay (NAEM). As these emerging regulatory areas come further into focus, the increased demands will stretch existing EH&S systems almost to the breaking point (Verdantix).



Recommended Practices

Ned Ertel, President and C.E.O. of RegScan, recommends that EH&S practitioners start shopping now. It is better to install the necessary infrastructure in advance than it is to worry about it retroactively. Accurate monitoring and reporting capabilities are also essential to acquiring and maintaining ISO 14001 and OSHAS 18001 certification, he said (EBJ).

RegScan publishes legal registers and audit protocols for more than 140 jurisdictions around the globe. All of its content can be easily integrated via web services into existing online environmental management systems.

Ertel believes that staying current with ever-changing requirements is vital to any large operation. In fact, the Obama administration set a new record in 2013 when it published approximately 80,000 pages of the Federal Register. The final 2014 page count was similar (FederalRegister.gov). RegScan's products and services help environmental managers keep up with all of these changes.

The most effective option, said Ertel, is to implement a robust system to oversee environmental impacts. The use of newer cloud-based technologies can significantly improve environmental performance, and preventing a problem from happening is always cheaper than finding a solution to fix it (Verdantix).

"The best way to improve environmental performance is through accurate monitoring and reporting in every jurisdiction in which you operate. Using an online environmental management system definitely streamlines this process," said Ertel. "Not only does it improve the efficiency of your operations; it also has the added benefit of keeping you compliant with government regulations and operational standards."

With updated information, businesses can easily track environmental impacts and the costs and benefits associated with them, said Ertel. Additionally, an effective EMIS system offers valuable assistance in complying with globally recognized operational standards, such as ISO 14001 and OSHAS 18001. A major component of those programs is the requirement that you maintain a legal register, he said.

Perfecting Our Technology for 27 Years

- Founded in 1987, RegScan has attained prominence as the innovative leader of electronic regulatory publishing. We offer a wide array of solutions to assist with global compliance initiatives.
- With a dedicated staff of experts in three U.S. states and Washington D.C., and an ever-growing network of in-country resources, RegScan can be counted on as a trusted resource to provide up-to-date regulatory information from every corner of the globe.



Another added benefit of installing a global solution is the efficiency gains incurred by streamlining the process. Instead of managing separate systems for facilities in each jurisdiction, users of *RegScan One* tools can access all their legal registers and audit protocols on a singular system – most likely on the online EMIS system that they are currently using.

A trusted resource since 1987

- RegScan builds and maintains fully searchable online databases of global regulatory information. We also offer a wide array of environmental audit protocols, which are fully integrated with full-text requirements.
- Global Legal Registers and Audit Protocols are updated at least twice annually, while U.S. Federal content is updated daily.
- Additionally, RegScan's expert alert tool, My WatchList™, automatically monitors all custom profiles for changes. Users receive Email notifications whenever a change is flagged.

If done properly, streamlining these processes can provide a near-immediate return on investment. RegScan does business with several Fortune 1000 companies, and one multinational oil and gas firm recently projected that implementing a singular global solution would result in an annual savings of approximately \$2 million a year*. That savings more than offsets the initial cost of content and systems updates.

That same firm, which cannot be identified due to a non-disclosure agreement, also reported using 20-plus systems and services to manage their EH&S regulatory compliance initiatives. Content providers alone are costing this firm almost \$1 million annually in subscription fees and many services provide duplicative, overlapping information.*

Nova Chemical, another RegScan client, is also an example. Chemical firms are responsible for many types of measurements that must be reported. With the implementation of robust environmental software solutions, the company saved \$2 million because it could now report monthly data faster. By improving environmental performance and avoiding unnecessary costs, Nova saw a significant financial benefit (Woods, 2011).

But cost savings alone are not the only reason to upgrade. Industry insiders are becoming increasingly aware that the regulatory landscape is changing. Increased focus on monitoring and reporting will ultimately render older, legacy systems obsolete.

*Some of RegScan's customers consider the *RegScan One* service a trade secret, and therefore require that we not share with outside sources certain information about their operations.

Here are some additional market drivers necessitating this need:

- Compliance processes are still not standardized at many large firms. Technological advances make that easier to accomplish now (Verdantix).
- Expect to see a bevy of activity in the area of supply chain regulation, as some sustainability initiatives that are currently voluntary could eventually be codified (NAEM).
- There is increased pressure for transparency and accountability – from both regulators and external stakeholders. Brand image factors into both supplier and consumer demands (NAEM).
- The European Union now requires sustainability reporting, as do stock exchanges in emerging markets such as Latin America, Asia and Africa (Verdantix).
- The U.S. Securities and Exchange Commission (SEC) now requires detailed disclosure about conflict minerals imported from the Democratic Republic of Congo and other African nations, a requirement especially relevant to those in the manufacturing industry (NAEM).

It is also important to note that significant environmental risk can be seen at the facility level. Robust audit functionality is essential to compliant, and profitable, operations. Additionally, many multinationals are actively planning for future resource scarcity, with water resources being of particular concern. If they're not already tracking their water and/or energy usage, they will be soon (NAEM).



Conclusion:

It's only a matter of time before your existing EH&S compliance systems become obsolete (Verdantix), so now is the time to implement an updated global system that streamlines the process. Advances in technology allow this to be done cost-effectively. Re-evaluating your environmental performance with an eye toward efficiency and effectiveness will almost always lead to a significant return on investment. We have seen that companies can save millions by updating their processes, but it's just as important to look past the numbers on the balance sheet. There are more than a few costs that are less quantifiable.

We may not be living in a carbon-neutral world by 2100, but we will be living in a world where we will be working toward that goal (UN). The global regulatory landscape will undoubtedly move us in that direction, and our consumers and suppliers will continue to demand accountability, transparency, and sustainability.

For more information about RegScan and the products and services we offer, please visit www.regscan.com. To speak to a team member, please call +1 570-323-1010.

One World, One Platform

- Access all your global data on one system, on either the *RegScan One* interface or the online environmental management system you're already using. Use advanced monitoring and reporting tools for ISO 14001 and OSHAS 18001 compliance.
- Customize your content to fit your needs, and upload your own specialized content to your environmental management system.
- Whenever Web Services clients update their environmental management systems, they automatically receive the most up-to-date information in the RegScan databases.

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