



Top 6 EHS & sustainability challenges for companies today.

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Preface

Environment, health, and safety (EHS) has come a long way over the last few decades. It's been a pivotal reformer for employee workplace safety, leading directly to a significant decrease in the number of occupational injuries and deaths on a global scale, and it's been a critical tool in ensuring that environmental impacts are identified and managed. However, **EHS is about far more than worker safety and protecting the environment.** It's currently helping to lead the way in global ESG and sustainability reporting as regulators around the world pursue the goal of more sustainable business approaches.

As EHS continues to evolve and become even more relevant in providing a strong foundation for a sustainable approach, **it's critical for compliance professionals to stay ahead of the shifting regulatory landscape.** They must stay well-equipped to face challenges and understand the latest relevant guidance and best practices. In our work with multi-national organizations, we've experienced first-hand the myriad of emerging and converging regulations, standards, frameworks, and guidance that companies must navigate in order to protect not only their stakeholders but the wider world.

Based on the results of our 2022 Client Survey, we've put together this resource to help EHS and sustainability (EHS&S) professionals **understand the challenges that are shaping the landscape today** – and what to know for tomorrow.

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EHS is about far more than worker safety and protecting the environment. It's currently helping to lead the way in global ESG and sustainability reporting.

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Executive summary.

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Executive summary:

EHS and sustainability are transforming - and merging.

Organizations across the globe are facing an increasing number of challenges related to rapid growth of EHS, ESG and sustainability requirements - coming from both global and jurisdictional levels. Additionally, increasing scrutiny from stakeholders and investors is ensuring that these challenges rise further up the C-suite agenda - almost on a daily basis.

3 major EHS&S pain points.

The results of our recent 2022 Enhesa Client Survey identify 3 major pain points for organizations:

1. staying up to date on new and upcoming regulatory developments
2. understanding current compliance and sustainability obligations
3. effectively training teams on EHS and sustainability requirements.

3 top-of-mind trends dominating the EHS&S space.

In addition to identifying their main pain points, respondents highlighted 3 top-of-mind issues that are currently dominating EHS and sustainability. Of the provided options, respondents chose the following as highest on their radars:

1. environmental, social, and governance (ESG) reporting
2. carbon emissions management
3. a combination of energy efficiency, natural resource management, and renewable energies.



*EHS is now the keystone
of multi-dimensional
and interrelated business
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EHS and sustainability are transforming – and merging.



EHS and sustainability are transforming - and merging.

If you're a director, compliance manager, or another key individual involved in the EHS and sustainability (EHS&S) space, you know all too well that rapid change is afoot—and this is likely to be one of your biggest concerns.

In the past few decades, **EHS has become embedded into risk management and good business practices in the global commercial landscape.** It has moved from a seemingly niche area of site-based environmental pollution control and employee health and safety, into a much wider ranging discipline that now encompasses integral issues, such as operational risk management. At the same time, it's also become a foundation for sustainability and ESG reporting. EHS is now the keystone of multi-dimensional and interrelated business goals and reporting.

However, as a result of this, organizations across the globe face an increasingly challenging and dynamic landscape - and it's becoming more and more important to respond quickly and compliantly to these challenges in order to not just stay relevant and up to date, but also to get ahead.

It doesn't matter how established you are or what sector you operate in, these challenges are industry agnostic. Many of these biggest challenges are common to all organizations, and they're set to continue piling on the pressure against a backdrop of global megatrends, geopolitical instability, and evermore stringent regulatory requirements and enforcement.

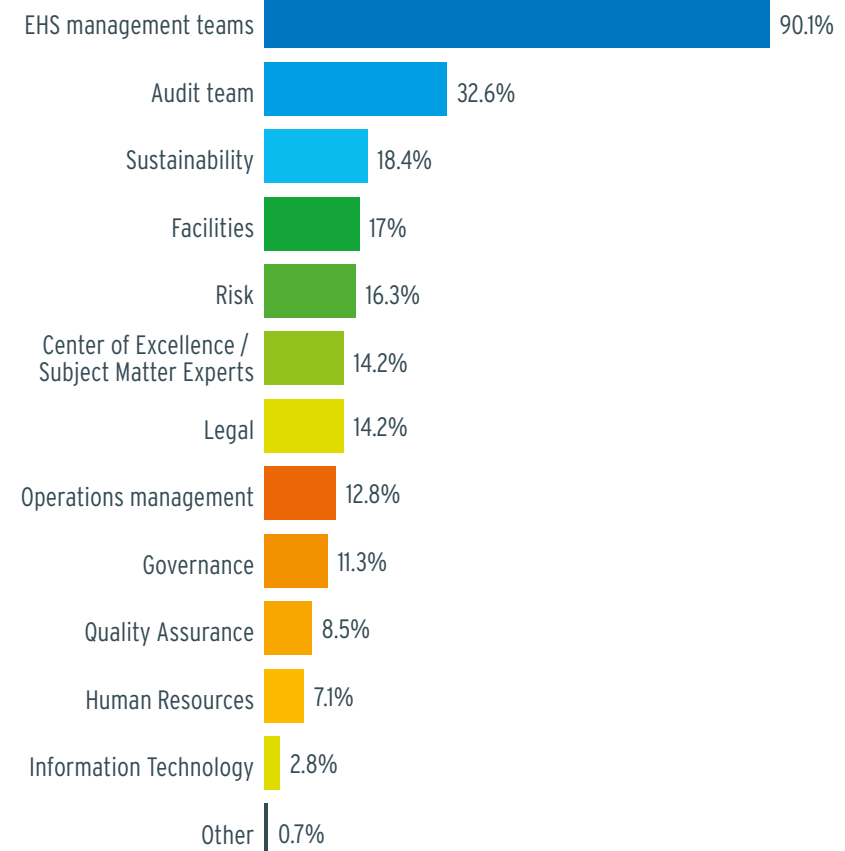
Inside the 2022 Enhesa Client Survey.

With this in mind, we recently commissioned a survey of a selection of our clients. The aim was to gain a deeper insight into and an understanding of their short, medium, and long-term challenges, as well as how these align with challenges that we've seen developing in the EHS&S space.

Consisting of feedback from 141 clients across 18 industries – from energy and pharmaceuticals to healthcare and industrial manufacturing to technology – the results of this survey unveiled key pain points and ongoing trends, while also ascertaining their levels of preparedness.

We found that different teams use our services, with most of the respondents based in EHS management teams (90.1%) followed by 32.6% of audit teams and 18.4% of sustainability teams. While these teams are the main users, other teams such as quality assurance (8.5%), human resources (7.1%), and information technology (2.8%) teams also use our services.

Which teams use Enhesa services?



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60% say staying up to date on new and upcoming regulatory developments is their biggest challenge.

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3 major EHS&S pain points.

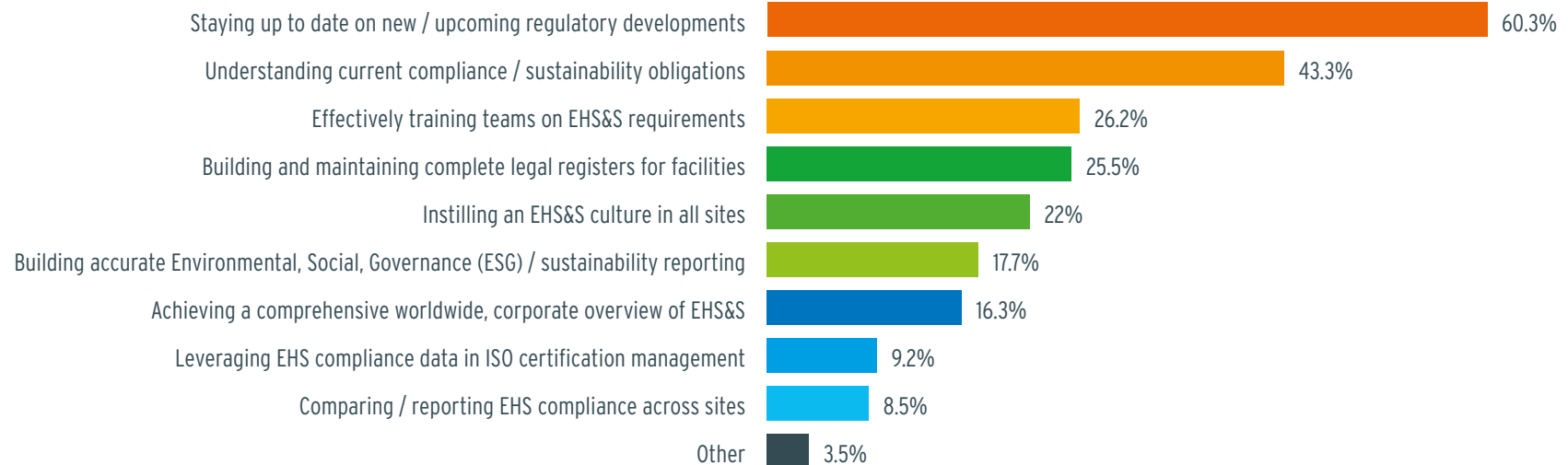
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3 major EHS&S pain points.

We then wanted to understand more about their main challenges. When we asked them to identify their top business pain points related to EHS&S today, 60.3% responded that, first and foremost, it's **staying up to date on new and upcoming regulatory developments** that poses the biggest challenge.

This was followed by 43.3% of respondents stating that **understanding current compliance and sustainability obligations** is a top concern. As is **effectively training teams on EHS&S requirements**, which 26.2% of respondents highlighted.

What are your top business pain points in EHS&S today?



1. Staying up to date on new and upcoming regulatory developments.

The results of our survey paint a clear picture: keeping up with new and upcoming regulatory developments is the biggest compliance pain point for organizations across various sectors.

It's a problem for 3 reasons:

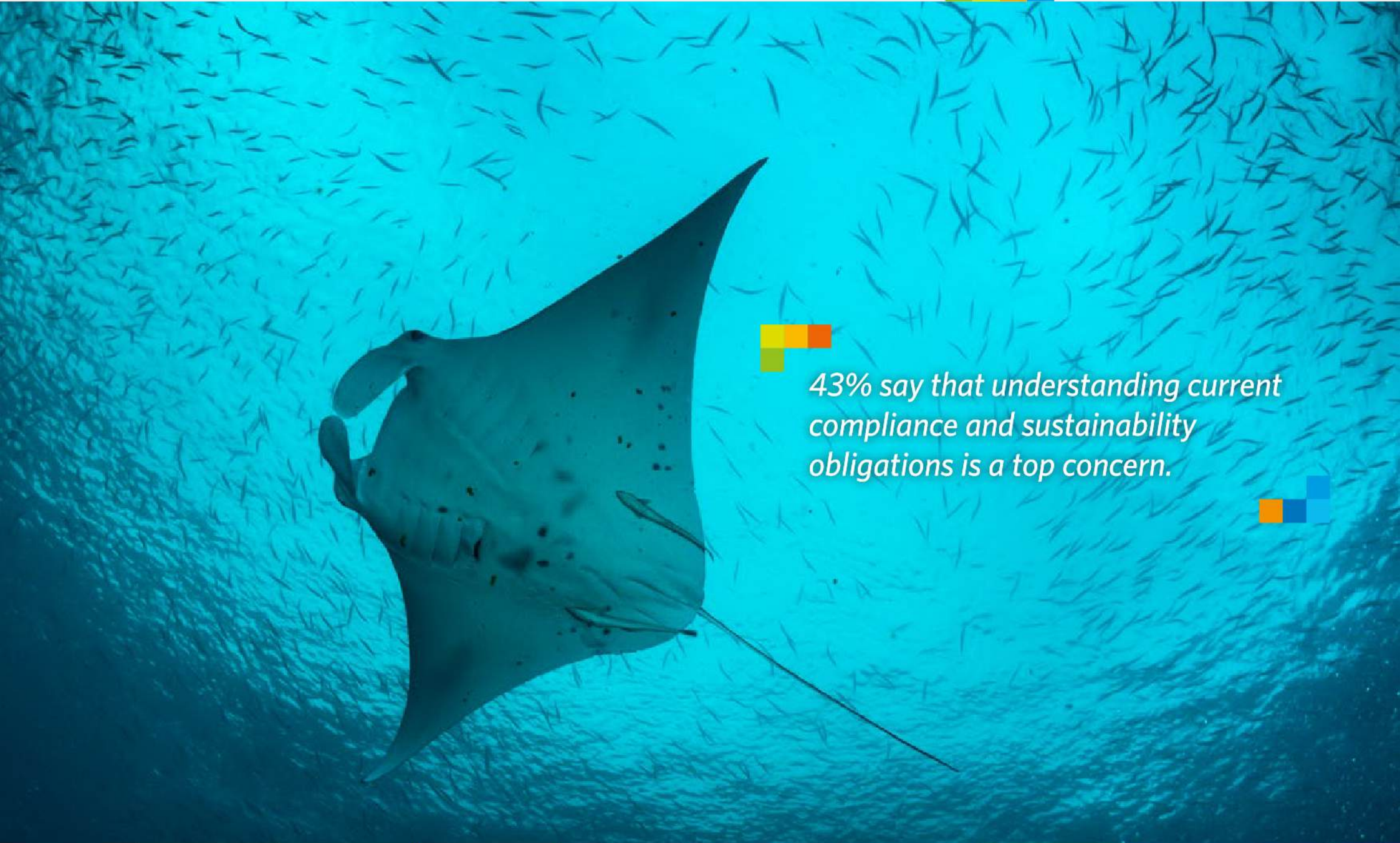
1. A multitude of new and updated EHS&S regulatory developments are being introduced every year across 100s of jurisdictions, all of which require due consideration and usually action.
2. Staying up to date can be a tedious and time-consuming task for companies who are usually already under pressure to deliver for their own businesses focused on doing what they do best.
3. Added to this, without the right tools there's the potential for uncertainty in the tracking of these regulatory changes across a wide range of geographies and languages, while also calibrating potentially site-level individual approaches to capturing, processing, and then checking EHS compliance against a vast amount of information. It all means there may be trust issues with the quality of data without a standardized and calibrated approach to EHS compliance management.

Knowledge of legal obligations sits at the core of EHS, and businesses now must also grapple with huge changes in the ESG and sustainability reporting space. This is increasingly the case as lawmakers all over the world continue to introduce new regulatory frameworks and standards that target one of the biggest issues facing our world today: climate change. (Of course, it's one of the most-prominent issues in ESG and sustainability reporting now, but other aspects of the E as well as the S and G also require a deep level of knowledge.)

Due to this fast-changing regulatory landscape, and the potential for severe non-compliance penalties, in addition to the ensuing public relations issues, **organizations can't afford to miss, ignore, forget about, or otherwise fail to pay due regard to new developments.**

Change is constant. Whether that means wide-reaching regulatory frameworks implemented cohesively across several countries (e.g., in the EU), or industry-specific regulations that have been designed to overhaul a niche sector in a specific country. And change is taking place at a rapid pace.

In the modern, globalized world of business, where operations are diverse and leaders are always striving to do and achieve more, it's hardly surprising that many struggle to stay on top of regulatory compliance and achieve a consistent global approach to EHS&S obligations and requirements, both regulatory and stakeholder driven.

The background of the slide is a vibrant blue underwater scene. A large manta ray is seen from below, swimming towards the left. Its body is dark with some lighter spots. Surrounding it is a massive school of small, silvery fish, creating a dense, shimmering effect. The lighting is bright, suggesting sunlight filtering through the water.

43% say that understanding current compliance and sustainability obligations is a top concern.



2. Understanding current compliance and sustainability obligations.

While it's obviously important for organizations to stay up to date on new and upcoming regulatory developments, understanding the existing regulations and obligations that apply to them – not to mention being aware of any changes in potential enforcement regimes – is just as important. This comprehension is an integral part of the day-to-day business of ensuring they are (and stay) compliant with legally required obligations across their operations.

Failure to understand your current compliance and sustainability obligations can easily lead to damaging enforcement action – not just for the business but also for key individuals. We see this as one of the dominant trends in enforcement today as **jurisdictions around the globe continue to expand the scope of enforcement to key persons within an organization**, such as site managers and C-level executives, who can be penalized for non-compliance, and increase the severity of punishments for breaches.

Unfortunately, the sheer numbers and fast-paced changes in **EHS&S requirements is making it somewhat more difficult for organizations to both keep on top of and then accurately assess their obligations**. EHS&S compliance approaches share many areas of common ground, including third-party risk management and supply chain oversight, which require them to be viewed and accounted for holistically when developing EHS&S strategies, policies, and compliance efforts. In fact, some jurisdictions have already taken this a step further and introduced mandatory regulations such as Germany's Act on Corporate Due Diligence Obligations in Supply Chains (LkSG).

With so much happening in the EHS&S space, organisations are increasingly realizing that **they need a consistent, standardized, scalable, and regularly updated source of intelligence** – backed by tools to ensure visibility and verifiability.

The right intelligence content and tooling can provide teams with a centralized, global view of EHS&S compliance requirements that's relevant to them and the jurisdictions where they operate.

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26% say effectively training teams on EHS&S requirements is a major pain point.

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3. Effectively training teams on EHS&S requirements.

Delivering sufficient and effective training is one of the most challenging aspects of any EHS&S program. It's also one area where you can't afford to get things wrong. An employee who isn't sufficiently trained and aware of EHS&S obligatory requirements can cause a company to commit breaches of legislation. **Their actions (or lack of action) could leave you wide open to enforcement measures.** It's not enough to provide initial training, there must be a program to ensure that the knowledge is current and updated on a frequent and regular basis.

Since the initial emergence of the COVID-19 pandemic, remote teams are now more commonplace. This means that, today, organizations must ensure that this required training is enforced regardless of whether workers are on-site or at home. Many business leaders have embraced online training as a solution - but it doesn't work for everyone.

Some topics lend themselves to a more hands-on approach and workers can get more value from in-person, day-long training sessions whereas others perform better following bespoke online sessions. **A hybrid, fit-for-purpose approach is now imperative to ensure that businesses meet training needs.**

One way to address this is through social learning, which provides an opportunity for leaders to create a culture devoted to a topic such as safety, by helping employees engage in training. Social training can be applied in many ways, such as internal platforms that encourage employees to ask questions and [group-based microlearning 'burst' sessions](#) that cover a specific area of subject matter in a short amount of time. The idea with social training is to chip away at training in small, digestible amounts and encourage collaboration.

Organizations will always be responsible for administering adequate training, but what makes for effective training is something of a moving target. This importance of **getting training right goes beyond the benefits to the business**, it's also an integral element for certification programs. Training and associated competence requirements will be independently scrutinised by Certification Body auditors as part of any ISO-certified management systems a company has in place. These programs should be structured, planned, delivered, assessed and reviewed on a regular basis as the most successful training plans are not only those which evolve alongside regulatory requirements but also provide training that's effective, impactful, and suitable for their workforce.

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*48% responded that ESG
and sustainability reporting is
at the top of their trend radar.*

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3 top-of-mind trends dominating the EHS&S space.

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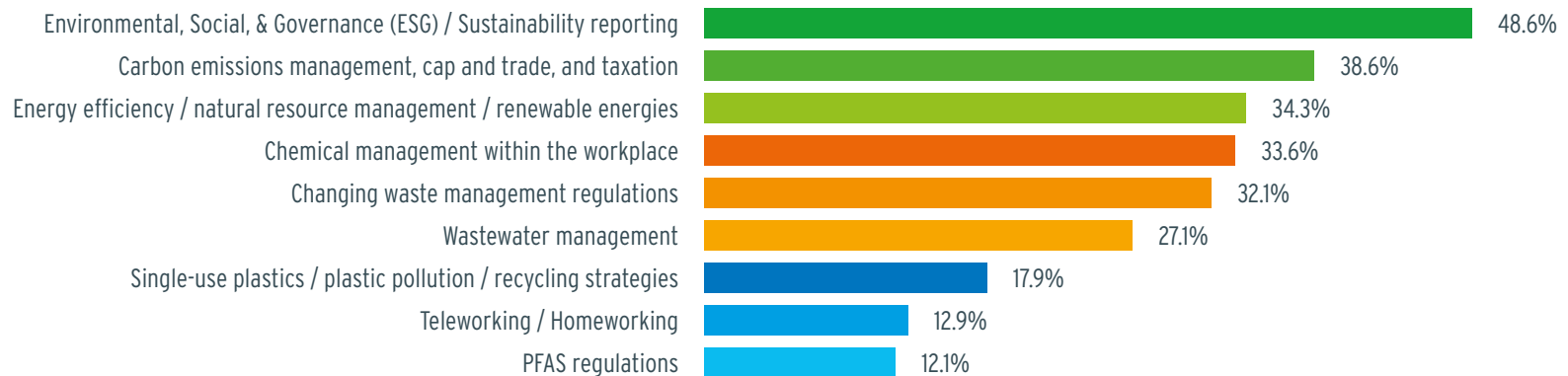
3 top-of-mind trends dominating the EHS&S space.

As part of the Survey, participants were also asked to highlight the trends that are currently top-of-mind.

48.6% responded with **environmental, social & governance (ESG) and sustainability reporting** while 38.6% responded with **carbon emissions management, cap and trade, and taxation**. This was closely followed by **energy efficiency, natural resource management, and renewable energies**, which 34.3% of respondents selected.

The fact that the top 3 trends all fall within the remit of sustainability and the climate is hardly surprising. Organizations are understandably focusing more on the increasing pressure coming from regulators, shareholders, customers, and the wider stakeholder environment when it comes to these issues.

What are your top business trends in EHS&S today?



1. ESG and sustainability reporting.

Now that ESG and sustainability reporting is shifting more and more from voluntary to mandatory, it's become a challenge that businesses can't ignore. Its purpose is to highlight a company's environmental, social, and governance activities in order to **provide investors and other stakeholders with comparable data** to inform better decision making while improving transparency. Alongside this call for verifiable information in what businesses report, we also see a convergence of organizations and therefore frameworks and standards for how to report.

One of the biggest game-changing developments in the ESG reporting space has been the formation of the International Sustainability Standards Board (ISSB) in November of 2021. Organizations such as the VRF, the CDSB and the IIRC, are now consolidated into the ISSB and bodies such as the TCFD, IOSCO and the WEF are supporters. Together, they're all focusing on ensuring that **the harmonisation of sustainability disclosure reporting** is building upon the great work which has already been carried out by these individual organisations.

There's no shortage of examples of recent and upcoming regulations that require organizations to disclose this information, such as the [Corporate Sustainability Reporting Directive \(CSRD\)](#) and the Directive on [Corporate Sustainability Due Diligence \(CSDD\)](#). Additionally, the EFRAG Draft European Sustainability Reporting Standards, which came out in November 2022, are currently being scrutinised by businesses across the globe to get an understanding of what will be mandatorily required of them in the very near future.

And coming on top of these developments there is also clear messaging around their enforcement, specifically when it comes to allegations of greenwashing. From the SEC's Climate and ESG Taskforce in the US to the CMA's Green Claims Code in the UK to the UN's High Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities, it's clear: **Agencies are taking strong action to ensure credible, accountable sustainability pledges, targets, objectives and reporting.** The discussions at COP27, also in November 2022, further support this with participants agreeing to crack down on unverifiable climate commitments - highlighting the need for accountability and evidence-based auditability of net-zero pledges and the importance of "good" ESG data for reporting.

2. Carbon emissions management, cap and trade, and taxation.

With an estimated compound annual growth rate of 5.6% and anticipated market value of US\$17.4 billion in 2032, up from US\$10.2 billion in 2022, carbon emissions management is a rapidly emerging field.¹ It directly addresses organizational contributions to climate change, and whose fast proliferation illustrates growing global concerns surrounding it.

Carbon emissions management combines practical, cost-effective approaches to reducing annual greenhouse gas (GHG) emissions. It's also ideal for **helping organizations identify and put in place effective CO₂ reduction strategies**. But those managing know that it's easier said than done. With mandatory reporting requirements already in place in key markets, organizations need to be able to measure, track, and manage their CO₂ emissions in an efficient way if they haven't already got solutions in place for doing so. This will only continue to be important as more requirements emerge.

Requirements such as the proposed rules from the SEC. These rules would require registrants to include "certain climate-related disclosures in their registration statements and periodic reports, including information about climate-related risks that

are reasonably likely to have a material impact on their business, results of operations, or financial condition, and certain climate-related financial statement metrics in a note to their audited financial statements."²

There's a **wide range of methods that can be employed in carbon management**: energy efficiency, low-carbon fuel substitution, lifecycle analysis – there's no one-size-fits-all approach to it as every organization is different. And one way to overcome this challenge is for organizations to take advantage of new technologies such as carbon capture. Or they might implement processes such as cap and trade, which places a limit on the emissions that an organization can produce without penalty via "allowances". These are reduced each year, and thus provide a strong incentive for reducing emissions in cost-effective ways.

One example California's program, the fourth largest in the world – following those of China, the EU, and the Republic of Korea – set out in 2013 to reduce GHG emissions by 85% by 2020. Its rules first applied to electric power plants and industrial plants emitting 25,000 tons of CO₂ equivalent or more per year. But the rules now extend to fuel distributors as well. Annually, the program's overall GHG emissions cap declined by 3% and is designed to go down by an additional 5% from 2021 to 2030.

1. Carbon Footprint Management Market. Retrieved from <https://www.factmr.com/report/carbon-footprint-management-market>

2. U.S. Securities and Exchange Commission. (21 March 2022) Retrieved from <https://www.sec.gov/news/press-release/2022-46>

3. Energy efficiency, natural resource management, and renewable energies.

Climate neutrality was kicked into gear across Europe with the launch of the [European Green Deal](#) in 2020. This set of policy initiatives by the European Commission has the overarching aim of making the European Union (EU) a climate-neutral, “green economy” by 2050.

This will require **widespread energy transition and significant investment from both public and private sectors**, and, over the course of the next few decades, will undoubtedly lead to the introduction of several new sustainability criteria, more stringent regulations, and stricter, enforcement action.

It’s only natural then that energy efficiency and renewable energy are currently sitting front-of-mind for organizational leaders. Leaders are hearing the call for energy efficiency and business-level participation loud and clear, and legal requirements will follow. Already the EU, aims to **achieve less energy consumption by tackling some relevant areas of energy** use proposing to revise directives regarding energy efficiency, buildings’ energy performance, energy taxation, and renewable energy.

Global geopolitical instability is also increasing concern related to security of energy supply and costs to business. More and more energy management, efficiency, security and costs are front of mind across all business sectors.

In Europe, energy management mandatory requirements have been in place for some years now, and companies are using a combination of managements systems such as [ISO 50001](#), or ESOS in the UK, to help them meet their obligations.

For many organizations, energy management standards and processes through the implementation of energy management systems (e.g., ISO 50001) are helping to give them a head start. These systems assess energy consumption, support goal setting, and enable the optimization of energy consumption for efficient performance and environmental sustainability.

Energy management systems are primarily used in areas such as heavy industry where energy usage is high, **but they can be applied to all businesses, regardless of type, size, and the nature of operational activities** that consume energy. The growth in non-traditional industrial businesses, such as data centers, transport logistics and even office-based operations, are also heavily invested in managing their energy usage.

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*77% said that Enhesa helped
to increase compliance
across more jurisdictions.*

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6 ways our clients win.



6 ways our clients win.

It doesn't matter what industry you operate in, how many employees you have, or which markets you're present in, ESG reporting requirements, staying on top of changing regulations, and effectively training teams – all the challenges highlighted by our survey – are common to all organizations. And they're set to continue piling on the pressure against a backdrop of global trends. As part of our survey, we also asked our clients how Enhesa solutions have supported them in managing these challenges.

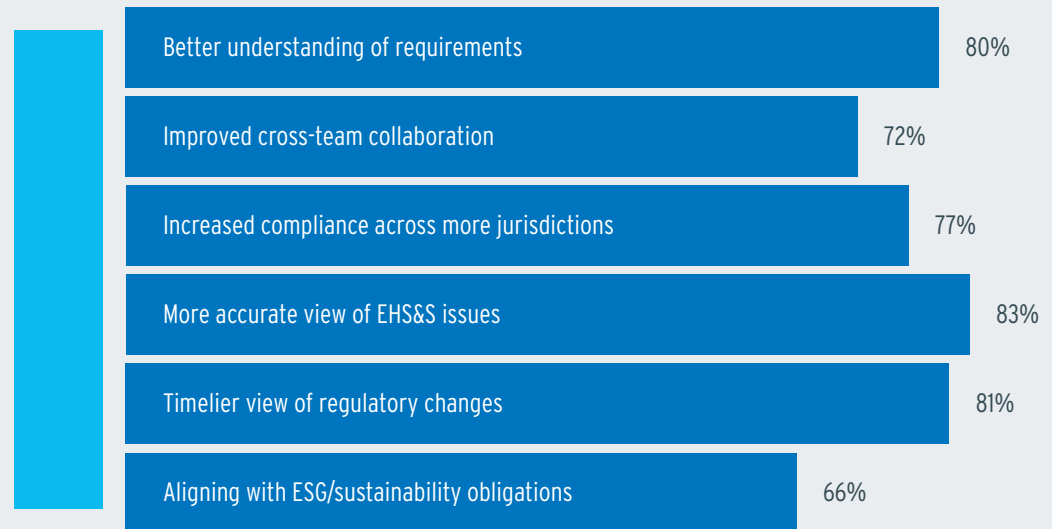
An overwhelming majority of respondents (80%) stated that these services helped them to **achieve a better understanding of their compliance requirements and obligations**, while 72% said that Enhesa solutions had supported them in **improving cross-team collaboration**. Even more – 77% of respondents – said that Enhesa had contributed to **increasing compliance across more jurisdictions**.

On top of that, results show that our services have also helped clients **obtain a more accurate view of EHS&S issues** (83%) and **a timelier view of regulatory changes** (81%) in their business – both critical for meeting the many challenges ahead in EHS&S. And for the challenges of ESG reporting, 66% respondents in our survey said that our services have played a role in **aligning with ESG and sustainability obligations**.

Our survey shows that Enhesa's range of tools and services is playing a crucial role in helping clients manage their EHS&S regulatory compliance risks. This is achieved through the provision of in-depth analysis and real-time intelligence that enables teams to manage requirements efficiently and compliantly across a wide range of industries and jurisdictions.



Enhesa helpful to extremely helpful in achieving...





*As EHS&S continues to evolve,
it's critical for compliance
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shifting regulatory landscape.*

The Enhesa difference

Enhesa is the leading provider of regulatory content and sustainability intelligence worldwide. As a trusted partner we empower the global business community with the insight to step up and step forward to create a more sustainable working world - positively impacting our environment, our health, our safety and our future.

Our services offer the industry's most trusted regulatory intelligence outlook, covering the 11 essential EHS compliance topics - including occupational health, air emissions, emergency preparedness, technical safety, and much more - across the largest number of regions: over 300 jurisdictions across the globe. Our global team of 75+ legal analysts track and translate evolving regulations into actionable requirements tailored to your business and its needs. Enabling you to explore the expanding EHS labyrinth, act to achieve compliance now, and plan for impact in the future.

We want to help you build a better world, with EHS compliance services and support built for your business.

Connect with our team to find out more.

Ensure EHS compliance across the globe

Global reporting meets local requirements - that's Compliance Intelligence, the smartest way to ensure EHS compliance across your multi-national business. Mitigate risk and manage compliance worldwide with a standardized, centralized view - plus insights for every site.

Compliance Intelligence empowers your team to meet EHS and sustainability requirements everywhere you operate - while seeing the bigger picture of compliance across your business. Create legal registers with confidence. Identify and assess regulatory compliance with more detail. Monitor and report with more consistency.



To mitigate risk and manage compliance worldwide, you need a standardized, centralized view with insights for every site.





**Questions? On the lookout for
more regulatory insights?**

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