H-E-A-R SAY

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vPSI Group, LLC

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Learning from Incidents: Protips Part 2

Over the almost 20 years that vPSI has been in business, the company's consultants have reviewed tens of thousands of incident investigations and have participated in many more. This perhaps unique experience provides a perspective that would be difficult, if not impossible, to replicate in any single organization. This article is the second in a series that will attempt to distill the accumulated knowledge of vPSI's consultants into "protips" that will be of value to those involved in investigating and learning from incidents.

Once an Unplanned Event has happened, data gathering begins as soon as possible, so that investigators can determine what went wrong, why it went wrong, and what can be done to prevent it happening again. It's important though to recognize that not all the information gathered will be of value to the subsequent analysis, and in fact in some cases it can be harmful to or even derail the entire investigation. One of the reasons for this is because the quality of the data is variable. Eyewitness testimony, for example, is more subjective than a maintenance record for a piece of equipment.

To help those involved in the process know which data is useful and which should be disregarded (or at least regarded sceptically), vPSI trains investigators in using a simple tool we call the Data Quality Ladder. For each piece of information gathered, assign it to a rung on the data quality ladder. Is it a verifiable fact? Write "fact" next to it. Is it testimony from John

Smith about something he heard Sarah Jane say? Mark it with the "hearsay" label (not to be confused with H-E-A-R Say, the name of this newsletter).

This simple step is actually sometimes very difficult to do correctly – investigators have to be brutally honest with themselves about where on the Data Quality Ladder each piece of data falls. We as humans tend to rely on eyewitness statements, but studies have shown repeatedly that such testimony is notoriously unreliable for a variety of reasons, ranging from the possibility of the witness lying to the fact that our brains lie to us all the time by filling in details or even changing details to fit natural unconscious biases. That's not to say that every witness statement should be tossed in the trash; instead, verify what can be corroborated and label that a fact, then ignore the rest of it.

Repeat this process for each piece of information that has been accumulated. Once that is completed, the next step is to collect only the data labelled "fact" or "deduction", ignore everything else and conduct analysis using only information confirmed to be of high fidelity.

Assumption level information (or lower) is too shaky a foundation upon which to build a useful analysis and resulting actions. Using

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Inside this issue:

A Brief History of ESG / Sustainability

1700s	– Methodists eschewed the slave trade, smuggling, and conspicuous consumption, and resisted investments in liquor and tobacco companies
1890s	– Quakers Friends Fiduciary corporation founded and adopted no weapons, alcohol or tobacco investment policy
1920s	– First public offering of a screened investment fund when an ecclesiastical group in Boston established the Pioneer Fund
1960s	– Responsible Investing (SRI) evolved from Vietnam war and civil rights political turmoil – Clean Air Act & National Emissions Standard Act
1970s	– Interfaith Center on Corporate Responsibility founded & filed first shareholder resolution – Congress passed Community Reinvestment Act (CRA) to reduce discriminatory credit practices against low income neighborhoods – Pax World launched first socially responsible investing mutual fund – Marine Protection, Research, and Sanctuaries Act of 1972 – Endangered Species Act, Clean Water Act & Safe Drinking Water Act – Hazardous Materials Transportation Act & Toxic Substances Control Act (TSCA) – Resource Conservation and Recovery Act (RCRA)
1980s	– US SIF founded the sustainable investing industry association – Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), created the Superfund program – Fish and Wildlife Conservation Act & Nuclear Waste Policy Act – Emergency Planning and Community Right-to-Know Act (EPCRKA) – Superfund Amendments and Reauthorization Act (SARA) – Montreal Protocol on ozone-depleting chemicals enters into force
1990s	– 625 billion screened to exclude investment in South Africa as a result of apartheid – Clean Air Act Amendments of 1990 & Oil Pollution Act of 1990 – Residential Lead-Based Paint Hazard Reduction Act – Safe Drinking Water Act Amendments of 1996 – ISO 14001 Environment Management System Standard – Kyoto Protocol aimed at Greenhouse Emissions
2000s	– Norway Government Pension and US's largest pension, CalPERS, commit to 100% integration of sustainability over 15 years – UN Principles for Responsible Investment launched – US Congress passes Accountability and Divestment Act of 2007 – Small Business Liability Relief and Brownfields Revitalization Act (amended CERCLA) – Offshore Safety and Environment Management System
2010s	– US Securities and Exchange Commission (SEC) issues climate change disclosure guidance – Global sustainable investment tops $30 trillion
2020s	– Unilever 1st global company to ask shareholders to approve climate transition action plan – European Parliament finalized ESG agreement establishing that standards to determine whether an economic activity is environmentally sustainable must be science-based – US Department of Treasury directed to analyze climate risks that impact the stability of the US financial system – US SEC created Climate and ESG Task Force in the Division of Enforcement to proactively identify ESG-related misconduct – Dutch court ruled that Shell has a legal duty of care to combat climate change – Climate change focused investors gained two seats on Exxon Mobil board

Implementing an ESG / Sustainability Program

The industrial revolution brought about significant improvements in the comfort and ease of daily life, but at the same time, it also introduced levels of pollution and destruction of natural resources not seen previously. Environmental regulation began in the USA in the 1960s, as the timeline on page 2 shows. Fast forward to today, and the operating context has changed significantly with near universal interest in sustainability, concern for global warming and the potential impacts business has on society as a whole. A shift is occurring where investors, banking institutions, and activists are setting the new bar for what acceptable sustainable environment, social, and governance (ESG) performance looks like.

Businesses in the supply chain are beginning to experience pressure from potential clients as a result of this shift in expectations. As a supply chain company, what does ESG competitiveness look like? Are ESG risks and opportunities integrated into the company's long-term strategy? How is the company measuring and monitoring its progress against milestones and goals set as part of the strategy?

There will be some work to do to position a company as a viable and competitive supplier in this new world. While there is a broad spectrum of elements that may be chosen to be included in an ESG / Sustainability program, its implementation will typically follow a multi-stage process:

1. Goal-setting: identify desired standard to be met
2. As-Is Discovery & Gap Analysis versus desired end state
2. Develop roadmap to close gaps
3. Implement roadmap
4. Review, revise, report and communicate

Supply Chain, Penn State, Flickr

Much of the information required to be monitored and reported in a typical ESG / Sustainability program will already be available in a well-run organization, and public companies find that there is significant overlap between ESG metrics and many of the disclosures they must regularly produce to comply with SEC regulations. In such cases the challenge of implementation will be to efficiently bring together these disparate sources into a coherent and cohesive whole.

Every company's situation is different, and a supplier's choices may be driven by the lead taken by their clients rather than their own initiative. It is clear, however, that ESG / Sustainability requirements are becoming progressively more important to the viability of companies operating in a supply chain context. Implementing and maintaining a strong ESG / Sustainability program will strengthen a company's competitive position now and into the future.

Typical top-level elements of an ESG / Sustainability program

Environmental

- Regulatory compliance
- Energy management
- Climate change & carbon emissions
- Pollution, waste management & recycling
- Use of materials & natural resources
- Land use
- Biodiversity & ecology

Social

- Employee & community health & safety
- Employee engagement, labor relations & working conditions
- Mental health
- Employee diversity, equity & inclusion
- Product & service safety
- Human rights
- Community engagement
- Philanthropy

Governance

- Leadership / board diversity, equity & inclusion
- Compensation policies
- Risk tolerance
- Internal controls incl ESG audit
- Business ethics & reporting
- Corruption & bribery
- Anti-money laundering
- Political contributions & lobbying
- Cybersecurity & data privacy
- Stakeholder rights

Learning From Incidents: Protips Part 2…

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poor quality data and doing something / anything may make people feel better, but it will absorb valuable resources and increase bureaucratic friction in the organization, while at the same time potentially having no impact on the future likelihood of the Unplanned Event repeating. Garbage in will lead to garbage out.

It is worth repeating that these protips apply not only to Unplanned Events that attract the "safety" label, but are also applicable to any instance where something goes wrong and the organization doesn't want it to happen again. What we're doing is important: improving our organizations, learning from things going wrong, preventing fatalities and injuries and environmental damage and a whole plethora of other consequences, and just generally making the world a better place.

Combining Business with Pleasure

There are few opportunities for travel at the moment, so we're opening up the archives to take a wistful look at past adventures…

In 2005, while working with Marathon Oil in Cody, Wyoming, vPSI co-founder Norman Ritchie and Principal Consultant Ray Cook took an exploratory trip to Cooke City, Montana. While there, they took a moment to enjoy the brisk air while re-fueling at the only gas station in town (at that time). Funnily enough, the price of regular gas at this Exxon is today the same as it was 16 years ago, at $3.40/gallon.

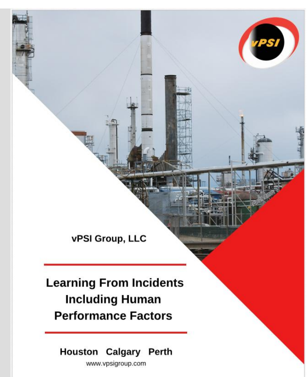
Awards!

Norman receiving the Gulf Coast Chapter SPY award from Jeron Quincy and Luke Albrecht, the chapter's current and immediate past President

vPSI Group, LLC is pleased to announce that our co-founder and Director, Norman Ritchie, has been named "Safety Professional of the Year" (aka SPY) for the ASSP's Region III, which encompasses Texas, Oklahoma and Arkansas. The American Society of Safety Professionals awards this honor to acknowledge the dedication and outstanding contributions of a member to a specific Region, while also advancing the OSH profession overall.

Norman was briefly speechless upon hearing this news, but eventually recovered enough to comment: "I am supported by great people in everything that I do, and this award is about them more than it's about me. I thank them all and especially my ASSP colleagues for this recognition."

Accolades!



Our newest offering, ***Learning from Incidents Including Human Performance Factors*** has had it's first few audiences! Here's a sampling of typical comments from attendees so far:

"This was a fantastic class. Truly beneficial, but I think refreshers for those in roles affecting [Corrective Actions] would go a long way."

"The course materials are fabulous."

"Appreciate all the resources given out in class."

"I thought it was very helpful to help me lead incident investigations in the future."