



Sustainability in the Supply Chain

ESG is the new business buzzword for sustainability, but what does it mean? ESG is a corporate focus on Environment, Social, and Governance (ESG) issues. It is a mindset that integrates environmental and social matters into company strategy and long-term goals to provide competitive longevity. Many companies are strengthening their ESG focus because consumers, governments, communities, and other stakeholders want transparency on these matters. Large global companies are setting ambitious targets, especially in the areas of carbon, water, and waste. A few examples of these goals include:

- Total (the French international energy company) set a target of net-zero emissions by 2050 for its global business across its production and energy products
- Shell will be a net-zero carbon company by 2050
- Walmart Project Gigaton — an initiative for working with suppliers to reduce or avoid

one gigaton of emissions in their supply chain by 2030

- Novartis set an enhanced target for full carbon neutrality across all company operations and their entire supply chain by 2030
- Cargill - focusing on areas where their size and market presence can help make a significant impact: land use, climate change, water resources, farmer livelihoods, food security and nutrition.



To achieve their ambitions, these companies are collaborating with and setting expectations for companies in their supply chain. They recognize the opportunity for achieving a greater impact and chance for success by involving their upstream and downstream networks. Suppliers benefit because incorporating ESG into company strategy creates value.

As a smaller company, where do you start? How will you position your company to remain competitive in this evolving landscape? A good place to start is with evaluating the environmental footprint and social impact of the organiza-

tion, especially where these are important to customers. Once footprint and impacts have been defined, identify how to improve or mitigate the impact. This is where target setting becomes beneficial to demonstrate improvement over time. Often these measures result in savings through lower costs and/or revenue increases through higher product yield.

Once footprint and impacts have been defined and ideas for improving them are set in motion, it is time to measure and report on chosen metrics. The metrics may also be required to secure contracts as a supply chain vendor. A gap analysis and transition plan allow suppliers to show that aspired performance in the contract is achievable. Making ESG performance visible to stakeholders through a sustainability report demonstrates commitment to conducting business in a manner which considers the environment and well-being of people.

Contact vPSI Group to get started! Our experts work with you to provide practical solutions to your environment, social, and governance needs. Together we elevate corporate citizenship.

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H-E-A-R SAY

Is Good Risk a Thing?

We are all used to thinking about “risk” in terms of exposure to unplanned events and negative outcomes, but is there such a thing as “good” risk? In fact, not only is good risk a thing, but it is an inevitable facet of organizational improvement.

vPSI consultants review hundreds of incident investigations every year to determine organizations’ learning metrics and Key Performance Indicators, so it is no surprise that trends are identified. One such observation relates to the output of the incident analysis, which commonly includes numerous actions that fail the vPSI Test™ because they are unrelated to the unplanned event. While these items are not corrective actions, they may be what vPSI consultants have termed “Other Interesting Stuff”. Prior to committing to implementation,

Examples of “Other Interesting Stuff”

- Operational Improvement
- Consequence Management
- Regulatory / Legal Compliance
- Satisfy Upper Management
- Customer Expectation
- Culture / Employee Morale
- Public Relations

activities that attract this label must undergo a determination of their intrinsic value, traditionally through some flavor of cost / benefit analysis. Their origin in an incident investigation

should have no bearing on their assessment as a potential opportunity for Improvement.

An important, but often overlooked, aspect of this evaluation is that when an entity does something differently or tries something new there is always a chance that it will not yield the benefit sought, or to the magnitude anticipated. This is analogous to the layer of probability that dictates the outcome type

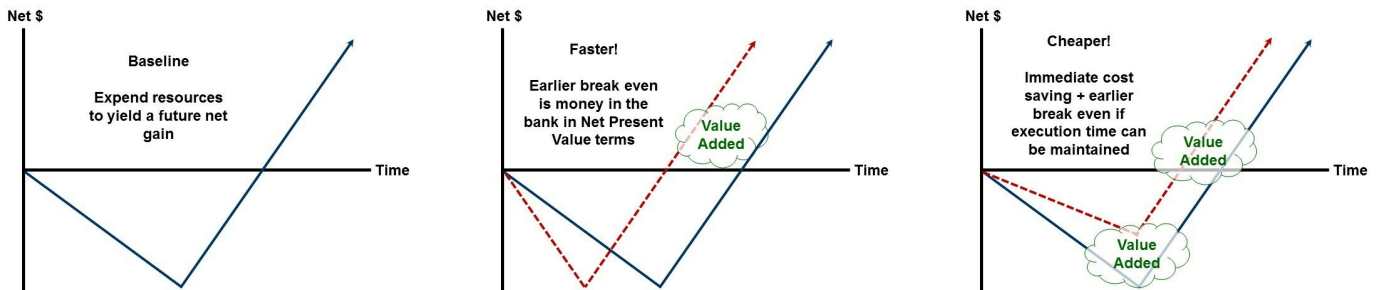
and severity of an unplanned event. Harms and benefits are two sides of the same coin. Risk-based thinking taking account of probabilities should therefore be applied in assessing a potential opportunity for improvement, especially in choosing between or prioritizing options. The analysis should seek to compare implementation cost against the probabilities for various levels of success of each option.

A surprising challenge in this space is that there is no real consensus on what to call “good” risk. Candidates include “Prospect”, “Opportunity”, and “Upside Risk”. Alternatively, some practitioners seek to explicitly include a form of probability when discussing potential opportunities using P10, P50 or P90 outcome terminology. For example, when discussing hydrocarbon potential, the US Securities and Exchange Commission (SEC) requires uncertainty be represented by a probability distribution: P90 meaning that there should be at least a 90% probability that production will equal or exceed the low estimate, P50 a 50% probability versus the best estimate, and P10 a 10% probability versus the high estimate.

No matter the nomenclature, acknowledging that risk can be “good” and that cost / benefit analysis should take probabilities into account will lead to better decisions on which opportunities for improvement should be pursued and which should be discarded.

Sources of Improvement Opportunities

- Incident Investigations
- After Action Review / Lessons Learned
- Design & Engineering
- Research & Development
- Experimentation
- Training
- New people with new ideas
- Industry Associations



Getting Better All the Time: Harder, Better, Faster, Stronger

Protecting Drivers From the Unpreventable



Statistics tell us that driving is one of the most hazardous activities that employees engage in. Having said that, deaths per vehicle mile, at least in the USA, appear to be on a slightly downward trend although there remains some controversy regarding the validity of assessing traffic safety in this way.

Reduction in driving related fatalities can partly be attributed to safety related improvements in vehicle design and technological advances.

While such features contribute to a reduction in the likelihood of an incident, deliberately excluded from this list are several prominent so-called “safety” elements such as seat belts, shatter resistant glass, airbags and crumple zones, all of which operate where wishful thinking collides with reality. They are quiet admissions that not all incidents are preventable, no matter how technologically advanced the vehicle, and without regard to the competence, or the physical or

- Modern Vehicle Safety Features**
- Anti-lock Braking Systems
 - Electronic Stability Control
 - Automatic Emergency Braking
 - Obstacle Detection
 - Adaptive Cruise Control
 - Lane Departure Warning
 - Drowsiness Alert
 - Blind-spot Warning
 - In Vehicle Monitoring Systems

mental condition of the driver. Auto manufacturers understand that they must plan to manage the consequences of significant, yet unpreventable, unplanned events.

Corporate fleet managers have largely adopted a driver-centric approach to roadway risk management, utilizing tools such as defensive driving training, drug and alcohol testing, journey management, in vehicle monitoring systems, etc. While these measures reduce the probability of their own drivers causing a wreck, many causes of vehicle incidents are totally outside the driver’s control.

Given that there is also a population of drivers whose work necessarily requires them to drive in conditions and situations where the likelihood of something going wrong is elevated, it makes sense to admit that not all incidents are preventable and plan to manage the conse-

Causes of Unpreventable Vehicle Incidents

- Acts of Third Parties
- Acts of Nature
- Semi-Predictable Failures
- Undetected Latent Problems

quences when they do happen. The prudent fleet manager will therefore allocate resources into vehicle crash mitigation systems that reduce the severity outcomes of automobile collisions in addition to, and sometimes in preference over, programmatic measures.

vPSI Consultants developing land transportation risk management programs give significant thought to protecting drivers and passengers from the consequences of unpreventable incidents. A useful method of ensuring that crash survivability measures are adequate in company bought vehicles is to include a requirement for a 5-star NCAP rating in procurement specifications.

The US National Highway Traffic Safety Administration’s New Car Assessment Program (NCAP) has been a major factor in influencing vehicle manufactures to continue to develop and improve their vehicles to achieve good and competitive

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Exciting Times at vPSI



We are pleased to be an exhibitor at the IADC virtual conference February 9th and 10th.

Even more exciting, our very own Norman Ritchie has been selected as the ASSP Gulf Coast Chapter Safety Professional of the Year.

Please join us in congratulating him on this long over-due recognition of his many decades of trying to make the world a better place, one company at a time.

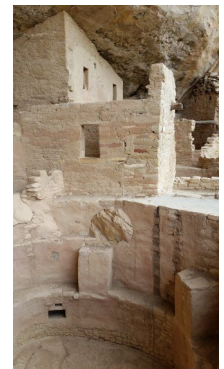
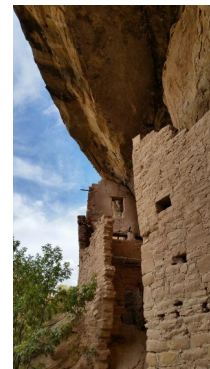


AMERICAN SOCIETY OF SAFETY PROFESSIONALS
Gulf Coast Chapter

Combining Business With Pleasure

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

In 2015, while in Aztec, New Mexico facilitating a DWOP (Drill the Well on Paper) for WPX Energy (now part of Devon Energy), Norman Ritchie, vPSI Director and Co-Founder, visited the Aztec Ruins National Monument (top row) and the Mesa Verde National Park in Colorado (bottom row). These historic native sites are well worth a visit if you are in the area.



Protecting Drivers From the Unpreventable

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NCAP test outcomes. NCAP testing evaluates the performance of multiple vehicle safety systems via a series of crash test and vehicle measurements. It provides an important guide to the relative safety performance of vehicles and hence is an invaluable criterion to assess and compare similar vehicles.

Various evaluation studies have validated that NCAP results correlate to real world crash performance. A good NCAP result equates to a safer vehicle.

Unfortunately, and counterintuitively, there is a downside to improving crash survivability... What happens when drivers know that even if they are involved in a wreck they will most likely emerge reasonably unscathed? To what extent does this lead to "illusionary superiority bias", and a personal risk assessment that concludes that behaviors such as texting while driving are unlikely to result in significant negative consequences, and are therefore acceptable?

Subscribe to H-E-A-R Say to read a full article on this disturbing possibility in a future issue.