Environmental and Social Management System
Implementation Handbook

IFC | International Finance Corporation
WORLD BANK GROUP

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Welcome & How to Use This Handbook

Environmental and social responsibility is becoming more and more important in today's global economy. There are thousands of environmental and social codes and standards in the world today. The codes and standards define the rules and the objectives. But the challenge is in the implementation. An environmental and social management system (ESMS) helps companies to integrate the rules and objectives into core business operations, through a set of clearly defined, repeatable processes.

This Handbook is intended to be a practical guide to help companies in the textiles and apparel industry develop and implement an environmental and social management system, which should help to improve overall operations.

In the current economic climate, companies are under pressure to perform or even just survive. New initiatives are often met with resistance as people struggle to keep up with their day-to-day responsibilities. Some people think that an environmental and social management system must be big, complicated and expensive. But that is not really true. To be effective, a management system needs to be scaled to the nature and size of the company.

If a company has existing management systems for quality or health and safety, this Handbook will help to expand them to include environmental and social performance. Our hope is that this Handbook will accelerate a company's journey of continual improvement, for its own benefit and that of its employees and stakeholders.

Quick Reference for Using this Handbook	
Sections I – II	These sections provide background on environmental and social management systems (ESMS) in the textiles and apparel industry.
Section III	This section provides step-by-step instructions on how to develop and implement an ESMS. If you see a Toolkit icon, it means that there is an accompanying tool in the ESMS Toolkit.
ESMS Toolkit and Case Studies	Section I of this companion publication gives tools, including forms, templates, checklists, and other useful documents, to help you develop and implement the systems described in the Handbook. We suggest that you adapt each tool for your company. Section II includes case studies presenting two companies in the food and beverage industry that implemented an ESMS. These hypothetical cases illustrate how to develop and implement an ESMS appropriate to the size and nature of your company. • ABC Company – a 400-person denim mill based in China. • XYZ Company – a 50-person clothes manufacturer based in Greece and Bulgaria.
ESMS Self-Assessment and Improvement Guide	This companion publication contains a questionnaire, maturity matrix, and improvement tips to help you measure the maturity of your ESMS and develop a plan for improvement.

Acknowledgements

I

Benefits of an Environmental and Social Management System in the Textiles & Apparel Industry

Benefits of an Environmental and Social Management System in the Textiles & Apparel Industry

Today, textiles and apparel companies are confronted with a number of significant environmental and social challenges. None of the challenges are insurmountable, but if not effectively addressed and managed, they will hurt your core business operations and profitability.

Among these challenges are increasing energy and raw materials costs, the growing power and influence of environmental and labor regulatory agencies, and rapidly evolving consumer awareness and concerns about environmental and social issues. These risks are in addition to the primary risk of failing to build brand and consumer confidence. All of these risks ultimately can have financial consequences. Moreover, export is vital to the success of most textiles and apparel businesses; but exporting brings even more demands from international legislation, voluntary standards and buyers' requirements – increasingly related to environmental and social practices. All of these risks, requirements and pressures that your business faces are forces that encourage you to implement a management system.

"Our business was suffering from a high level of worker absenteeism, which was common in the region. We improved our labor management system and consulted workers about how to improve working conditions. We are now seeing increases in worker satisfaction, productivity and retention, and decreases in absenteeism."

General Manager

Apparel manufacturing group in Middle East

There are direct business benefits from implementing an environmental and social management system. Conserving and using energy and materials efficiently helps to reduce production costs. Reducing waste and discharges can minimize the cost of increasingly expensive, regulated discharges to the environment. Continuous-feed systems can reduce the amount of material used and the number of partially finished apparel discarded. Process modifications can eliminate the use of many toxic compounds saving companies thousands of dollars in disposal and safety compliance costs each year. A management system can elucidate where expenditures exceed industry benchmarks and identify potential production cost savings.

The same tangible benefits can be realized on the social side. Clear, transparent human resource policies and procedures improve communication between workers and managers. This helps to anticipate and avoid labor problems. Effective occupational health and safety management procedures work toward the identification of workplace and process hazards, then seek to eliminate or

reduce them through engineering controls and employee training on how to avoid job site risks. This serves not only to reduce incidents, accidents and fatalities, but also contributes to reducing insurance premiums for worker compensation.

Management systems are widely used by textiles and apparel companies in quality control. An environmental and social management system simply extends that approach to managing the impact your business has on the environment and the working conditions at your facility.

Ultimately, your management systems should be integrated and centralized, instead of having one system for quality, one for occupational health and safety and one for environment. Integrated management systems are the goal, and the focus of this Handbook is on helping you implement an ESMS that is appropriate for the size and nature of your company.

II

Understanding an Environmental and Social Management System

Understanding an Environmental and Social Management System

OVERVIEW

A management system is a set of processes and practices to consistently implement your company's policies to meet your business objectives. The goal is to make sure that you have the appropriate policies and procedures in place and that people consistently follow them. The management system helps to assess and control your risks and is the key to lasting improvement. A key feature is the idea of continual improvement – an ongoing process of reviewing, correcting and improving your system. The most common method is the Plan-Do-Check-Act cycle (PDCA), described below.

Identifying and analyzing the risks and objectives

What is important for you as an organization and what are you going to do about it?

Implementing the improved solution

What will you change if results are not what you expected?
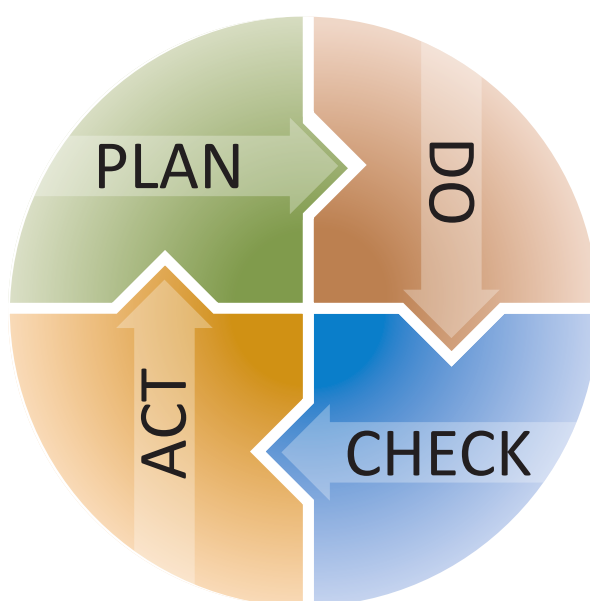
Developing and implementing a potential solution

What actions will you take? Who, what, where, when and how?

Measuring how effective the solution was, and analyzing whether it could be improved

Did you see the change you expected after implementing the actions?

In the workplace, an effective management system is comprised of trained, committed people routinely following procedures.

ELEMENTS OF AN ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)

A solid, functioning environmental and social management system (ESMS) is made up of interrelated parts. Take a look at the nine elements of an effective ESMS. Each of these elements is important, because they help you to assess, control and continually improve your environmental and social performance, as part of the Plan-Do-Check-Act cycle. The following section presents step-by-step instructions on how to develop and implement a system using these elements.
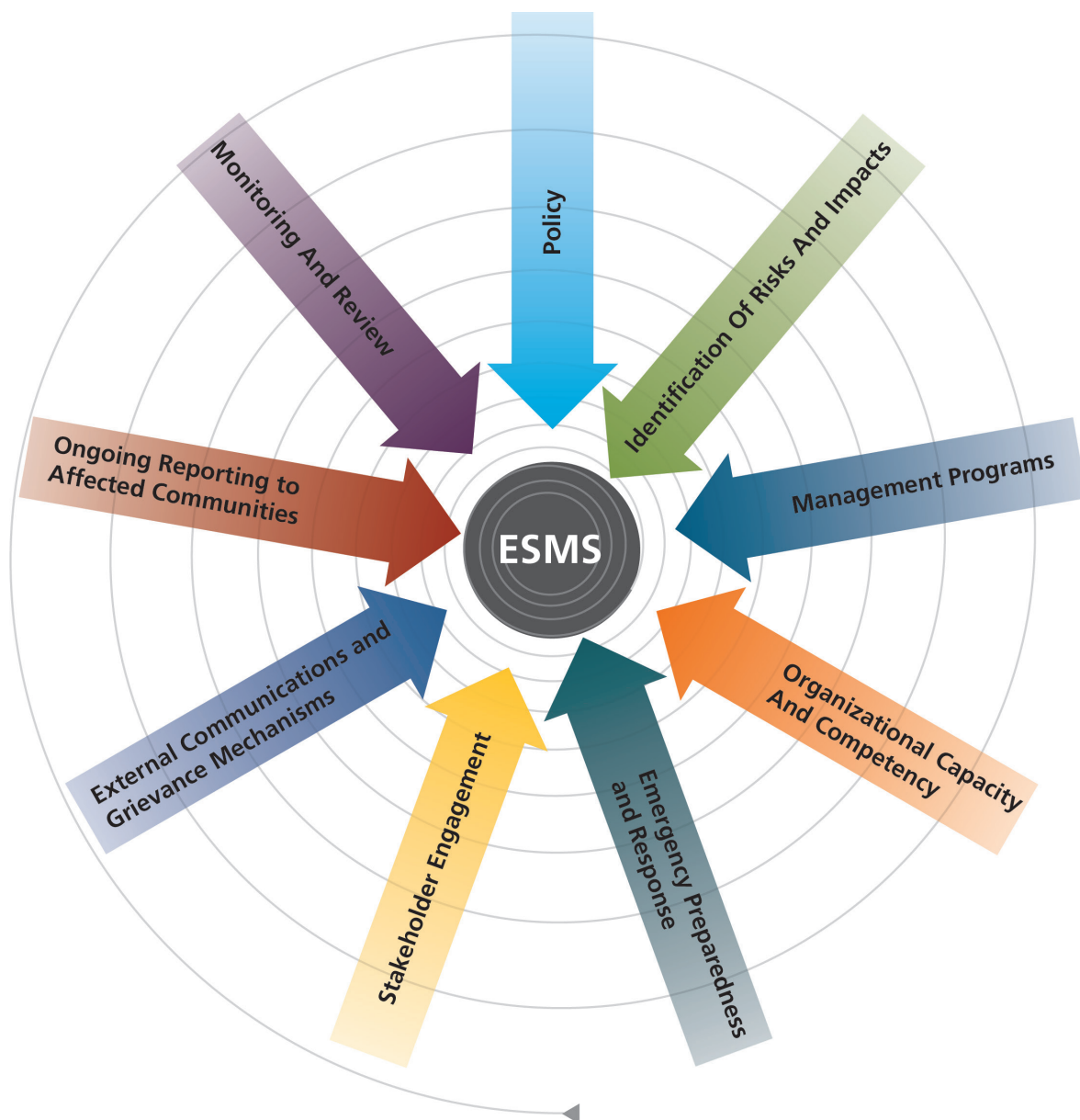
MEASURING AND IMPROVING

You can't improve what you don't measure.

A lot of companies in the textiles and apparel industry already have management systems for quality. If so, you may already have elements of an ESMS, and there is no need to replace what you already have. In this Handbook's companion publication, ESMS Self-Assessment and Improvement Guide, we provide a self-assessment rating for each of the ESMS elements. The self-assessment will allow you to measure your current level of system development and implementation. You will answer a series of questions and get your score for each element in the ESMS on a scale of 0 to 5 (5 is highest). The score measures the maturity of your system. Once you understand the maturity of your system, it is easier to target specific steps you can take to improve it.

THE SYSTEM MATURITY LEVELS (5 = HIGHEST)	
Level 5	Mature system implemented internally and with key supply chain partners – continual improvement embedded in operations
Level 4	Systems well developed and implemented internally – routine improvement projects
Level 3	Systems approach adopted, but development and implementation is inconsistent – improvement sporadic
Level 2	Limited system development with sporadic implementation – primarily reactive
Level 1	Little systems awareness or repeatable processes
Level 0	No systems awareness or repeatable processes

Policy · Identification of Risks And Impacts · Management Programs · Organizational Capacity And Competency · Emergency Preparedness and Response · Stakeholder Engagement · External Communications and Grievance Mechanisms · Ongoing Reporting to Affected Communities · Monitoring And Review

Levels of System Development & Implementaion (5 = highest)
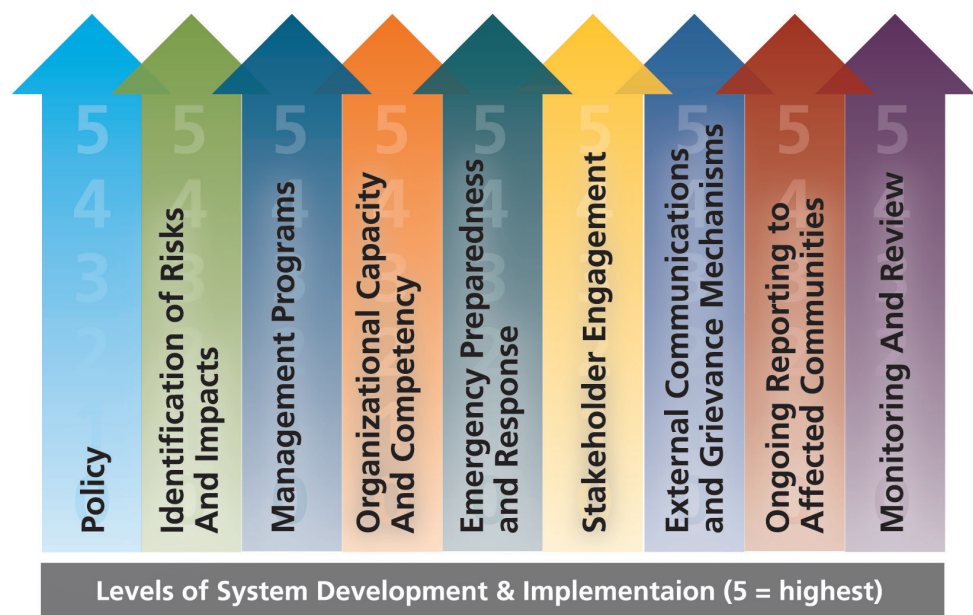
REMEMBER

A carefully developed, detailed ESMS is only valuable if it is well-implemented.

SYSTEM DEVELOPMENT AND SYSTEM IMPLEMENTATION

One of the most important things to understand about a management system is the difference between system development and system implementation. A management system is comprised of trained, committed people routinely following procedures. If you break this statement down, you see that it talks about "procedures." Procedures are the step-by-step way that people follow your policies. Procedures are the heart of effective system development.

Now let's look at the other part of the statement – "trained, committed people routinely following procedures." This is the implementation. There is a lot that goes into making it happen. Of course, some training is important to make sure that people are aware of the procedures and understand what they are supposed to do on a routine basis. But you also need to find a way to get their commitment.

One common observation is that large companies tend to be better at system development. But they often have difficulty getting people in different locations or departments to consistently implement the procedures, despite having well-documented systems. Small companies tend to be better at system implementation – if they have effective leadership. However, they are often weak at developing the documentation needed to ensure continuity when people in the organization change.

The approach of this Handbook and its companion publications, Toolkit and Case Studies and Self-Assessment and Improvement Guide, balances system development and system implementation in each of the ESMS elements.

DEFINITIONS	
System Development	The documented policies and procedures.
System Implementation	Trained, committed people routinely following the procedures.

An ESMS does not need to be complicated, but it does need to be documented and then put into practice. Some people mistakenly think a management system is just documents. But that is only a part of it. Management systems are about implementation and continual improvement.

USING THE HANDBOOK AND COMPANION PUBLICATIONS TO DEVELOP AND IMPLEMENT YOUR ESMS

The Handbook and companion publications are designed to help you measure and improve the maturity rating of your ESMS. The flowchart below shows how you can use these three publications in a cycle of continual improvement.

ESMS HANDBOOK

- Use tools to implement improvement plan
- Learn how other companies scaled the ESMS to their size and complexity

- Understand the benefits of an ESMS
- Learn the nine fundamental elements of an ESMS

ESMS TOOLKIT & CASE STUDIES

ESMS SELF-ASSESSMENT & IMPROVEMENT GUIDE

- Measure the maturity of your ESMS
- Prioritize elements and develop an overall ESMS improvement plan

III

Practical Guidelines for Developing and Implementing Your Environmental and Social Management System

This section provides step-by-step instructions on how to develop and implement an ESMS.

For each element of the ESMS, we offer a quick way to measure where you are now.

When you find a toolkit icon, it means there is a tool in the companion publication *Toolkit and Case Studies* to make it easier to get started.

Policy

5 E&S policies and procedures clearly communicated internally and externally. Senior management commitment to continual improvement.

4 Full set of E&S policies, procedures and records, centrally maintained and routinely reviewed. Wide awareness in company.

3 Policies and procedures in place meeting selected E&S standards. Sporadic communication, implementation and review.

2 Policies in place meeting selected E&S standards. Sporadic, conflicting or confusing procedures.

1 Limited E&S policies in place.

0 No E&S standards adopted. No related policies and procedures.

The cornerstone of your ESMS is your set of policies. Your policies summarize the commitment that your company has made to managing environmental and social risks and impacts. They establish the expectations for conduct in all related aspects of your business.

PURPOSE OF AN EFFECTIVE POLICY

Simply put, the policies are the rules. They tell everyone what is allowed and what is not allowed when it comes to social and environmental issues such as labor and working conditions, resource efficiency and pollution prevention, and community health, safety and security.

A good practice for writing the policies and making them understood is a Policy Statement. The Policy Statement communicates your company's policies to your management, staff, board, suppliers, contractors, customers and all other stakeholders. It is important for everyone to have a common understanding of the core values of the company, how you expect people to behave and how external stakeholders can expect you to operate.

MODIFYING YOUR EXISTING POLICY STATEMENT OR CREATING A NEW ONE

The Policy Statement should be clear and simple – it does not need to be long and technical like a legal document. Many companies already have a corporate code of conduct that serves as a Policy Statement and includes issues such as ethics. You can expand your existing code to align with internationally recognized environmental and social standards for issues relevant to your business, such as the IFC Performance Standards for Environmental and Social Sustainability.

It is important to think through the creation of the Policy Statement and tailor it to your company operations. In developing your Policy Statement, be aware of the specific risks you face in the textiles and apparel industry.

1. Policy   2. Identification of Risks And Impacts   3. Management Programs   4. Organizational Capacity And Competency   5. Emergency Preparedness And Response   6. Stakeholder Engagement   7. External Communications And Grievance Mechanisms   8. Ongoing Reporting to Affected Communities   9. Monitoring And Review
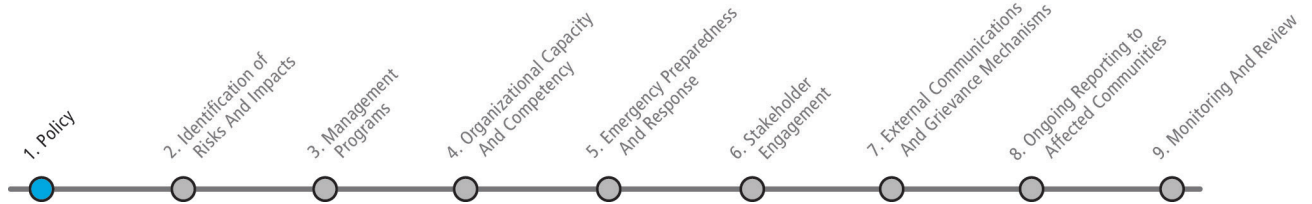
GAINING SENIOR MANAGEMENT AND COMPANY COMMITMENT

Modifying or adopting your Policy Statement will require senior management support. In some companies, it may require approval from the Board of Directors. A high level of senior management support is critical for integrating environmental and social commitment throughout all levels of your company.

Committing to environmental and social policies probably requires some change in the behavior of your company, workers, contractors and suppliers. This can be challenging. There are different strategies and different techniques for changing organizational behavior, but experts agree that to create lasting change, senior management must be committed to the effort.

The first step is building awareness. There are many issues that occupy your employees' attention day-to-day. As just a written document, your Policy Statement may not get their attention or seem relevant to their daily activities. Senior management needs to make this Policy Statement come alive.

To do so, they need to communicate the importance of environmental and social issues, by making them an ongoing part of high-level Board and management discussions, public speeches, and messages to employees.

Once people are aware of the Policy Statement, the next step is building commitment – also known as "buy-in." You will probably meet resistance: "Why do we need to do this? It is too much work. I've already got enough to do. How does this help our bottom-line?" Senior management needs to effectively shape and communicate the message internally and externally. They need to send a clear message that this is a long-term commitment by the company.

> Use the Toolkit item **Checklist for Developing a Company Policy Statement** to get ideas of what you could include in your policy.

The key message is that this will contribute to the company's success and that each person will benefit - but that they will also be held accountable.

Once you have convinced people that they need to do something, senior management needs to drive implementation. They do not need to lead the effort on a day-to-day operational level, but they do need to adopt the policy and oversee the implementation plan. Resources will be necessary in order to communicate the policy internally and externally, integrate new procedures and train all relevant staff and suppliers.

Crafting the initial messages can be a good time to talk through the above stages with your senior management. Consider accompanying the Policy Statements with a message from the CEO.

> Use the Toolkit item **CEO Letter Announcing the ESMS - Internal** to get started.

For any change initiative, think of three critical stages: Awareness; Commitment; and Implementation.

Your senior management can help you to accelerate all three stages.

Identification of Risks and Impacts

5 Mature system, routinely reviewed and updated as part of a continual improvement plan. Internal and external inputs. Procedures extended to contractors, subcontractors, third parties and supply chain as relevant.

4 Systematic, documented identification and prioritization of E&S risks and impacts. Routinely reviewed and updated across existing, new and changing activities. Wide awareness and engagement in company.

3 Awareness and engagement of staff in identification and prioritization of E&S risks and impacts. External experts involved as required.

2 Procedures in place for identification of E&S risks and impacts across all key activities.

1 Basic identification and assessment of E&S risks and impacts, but limited to a few activities.

0 No identification or assessment of E&S risks and impacts.

The primary objective of a risk assessment is to identify the potential negative environmental and social impacts so that you can develop the appropriate strategies to address them.

In the following pages, we present the key issues that come up in the textiles and apparel industry.

KEY RISKS IN THE TEXTILES AND APPAREL INDUSTRY

1. Environmental: Pollution Prevention and Resource Efficiency

- Use of raw materials, chemicals and processes that give rise to liquid effluents whose uncontrolled or poorly-treated discharge can contaminate surface and groundwater

- Use of processes such as bleaching, mercerizing, dyeing, printing and mothproofing with chemical agents potentially affecting employees, consumers and the environment

- Emission of solid and liquid waste containing salts, oil, ink, VOCs (volatile organic compounds) and other materials requiring specialized handling and disposal

- Emission of air pollutants from drying, printing, fabric preparation, finishing processes (e.g. coating and dyeing operations) and wastewater treatment residues

- Use of large amounts of water during wet processing (treatment, washing and dyeing) of textiles

- Use of large amounts of energy

2. Occupational Health and Safety

- Exposure to cotton and other dusts from yarn and fabric manufacturing leading to byssinosis and other respiratory diseases

- Exposure to dust in denim distressing operations, particularly sandblasting, leading to silicosis

- Explosion hazard arising from high concentrations of dust or VOCs in the workplace

- Exposure to hazardous chemical agents such as dyes and solvents causing burns, scalds and respiratory illnesses with potentially carcinogenic effects

- Risk of serious injury and death from failure to de-energize and lock out /tag out mechanical or electrical systems for maintenance and testing purposes

1. Policy
2. Identification of Risks And Impacts
3. Management Programs
4. Organizational Capacity And Competency
5. Emergency Preparedness And Response
6. Stakeholder Engagement
7. External Communications And Grievance Mechanisms
8. Ongoing Reporting to Affected Communities
9. Monitoring And Review

- High levels of noise causing difficulty in communication and potential damage to hearing
- Lack of/inappropriate PPE (e.g. facial splash protection when handling caustic solutions, metal gloves for fabric-cutters, masks for spot cleaning operations)
- Lack of machinery guards (e.g. sewing machine needle guard)
- Exhaustion and associated accidents due to long working hours
- Poor lighting and ventilation with temperature and humidity extremes
- Use of structurally unsound or not fit for purpose buildings for factories
- Restricted evacuation due to emergency exits and evacuation routes that are not clearly marked, blocked, locked or inadequate for building occupancy

3. Labor

- Low wages or failure to pay salary deductions (e.g. social security payments) to government
- Preponderance of women, migrant and temporary workers who may be subject to discriminatory treatment
- Use of child labor
- Mandatory and excessive overtime and lack of rest days due to rapidly changing production schedules
- Restrictions on workers' rights to freedom of association
- Verbal, sexual or physical harassment
- Lack of maternity provision (e.g. failure to provide breast-feeding breaks)
- Lack of appropriate welfare facilities (e.g. potable drinking water, toilets, washing facilities)
- Unsafe and unhygienic workers' living quarters
- Sub-contracting work to unauthorized, unmonitored facilities including homeworkers

4. Community Health, Safety and Security

- Exposure to noise and unpleasant odors
- Unsupervised children and minors due to parents' long working hours
- Strain on water supplies for domestic and agricultural purposes
- Dangers from industrial fires and collapse of unsafe buildings and structures
- Adverse impact on the health of the end-users due to chemical residues in textiles and apparel from the use of allergenic or carcinogenic compounds

Top 3 risks and opportunities in the Textiles & Apparel industry

1 Wastewater and liquid waste may contain toxic substances and lead to environmental pollution. Wastewater is the largest waste stream of the textile industry. It may contain a mixture of substances such as dyes, salts, acids, alkalis, oils and fats as well as (chlorinated) solvents. Pre-treatment may be required to minimize interference with treatment works and negative impacts on receiving water quality, health risks from contaminated water use and conflicts with other uses.

2 Fire safety hazards posed by storage of highly flammable textiles and cotton without adequate fire detection and suppression systems, often combined with inadequate evacuation provisions.

3 Harsh working conditions in the apparel industry due to low pay, long work hours, inadequate rest periods and poor sanitary conditions can be highly detrimental to both individual workers and a company's own reputation; in particular to consumer-facing companies such as clothing brands and retailers.

There are different ways to conduct a risk assessment. One common method is to map your facility and production processes – this can highlight OHS and environmental risks. A common method for labor risks is to use a checklist of risk factors , such as employee demographics, regional labor laws, contracting arrangements, etc.

The following are key considerations for a robust risk assessment system:

- Cover environmental, OHS, labor and community risks;
- Conduct at regular intervals – at least once a year;
- Conduct any time there are significant changes to operations;
- Conduct any time there are external changes such as new laws or regulations;
- Include input from all levels of workers and managers;
- Include input from affected communities and other external stakeholders;
- Use external consultants and experts if your staff does not have the capability;
- Assess and prioritize risks according to both the severity and probability of negative impacts;
- Consider risks in your supply chain in addition to those in your company; and
- Scale as appropriate to the size and complexity of your business.

Now that you have an understanding of the typical risks in the textiles and apparel industry, you can first use the **Risk Identification Worksheet** to identify your potential risks and negative impacts based on your operations and operating environment. Then you can use the **Process Mapping** or the **Physical Mapping** tools to identify in more detail where problems are likely to arise within your production process.

Often it is not possible or practical for you to deal with every single environmental and social impact that your company could possibly have. You can use the **Risk Assessment Form** to prioritize which risks should be addressed first.

For more information on environmental, OHS and community risks and impacts in your industry, consult the *WBG EHS Guidelines* at www.ifc.org/sustainability.

Management Programs

Management Programs are centered on Action Plans and improved procedures to avoid, minimize or compensate for the risks and impacts that were identified.

For example, if you have a policy commitment to avoid discrimination in the workplace and you have identified this as a risk factor based on the lack of a system for employees to express their complaints, you may implement a complaint procedure as a way to minimize the risk of discrimination. Or, if one of your policy objectives is the reduction of hazardous waste and you have identified this as a risk factor because of the high percentage of chemical waste produced in your plant, you may take action by using less toxic dyes.

Verified progress against objectives and targets; significant improvements in E&S performance. Demonstrated commitment to continual improvement using annual improvement plans.

5

Routine, consistent implementation of actions/activities to proactively manage E&S risks and impacts. Measurable company-wide objectives and targets. Periodic review and update.

4

Actions/activities in place to manage E&S risks and impacts, following the mitigation hierarchy – avoid, minimize, offset/compensate. Proactive approach to managing issues.

3

Procedures and assigned responsibilities to address and mitigate E&S risks and impacts across all key activities. Primarily reactive.

2

A few informal programs or activities to mitigate E&S impacts. No systems awareness or repeatable processes

1

No process for mitigating E&S risks and impacts.

0

1. Policy
2. Identification of Risks And Impacts
3. Management Programs
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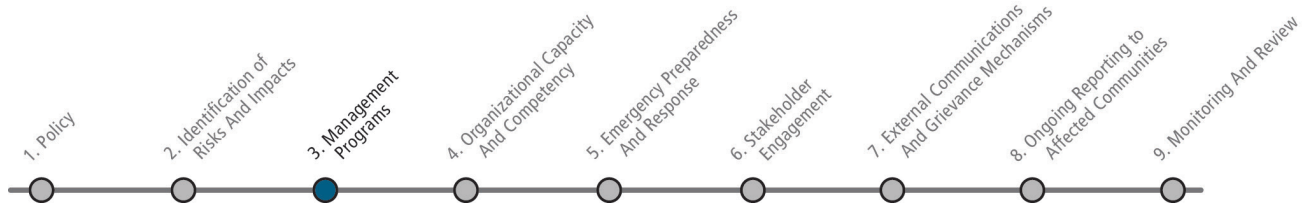
IDENTIFYING PREVENTIVE AND CORRECTIVE ACTIONS

It is good practice to emphasize preventive and proactive actions: (1) try to avoid causing social or environmental damage; (2) if not possible, then minimize the impact; (3) if not possible, then compensate or offset the damage.

First, attempt to take actions to avoid or prevent the negative impacts. For example, suppose you are expanding operations and have identified potable water as a key risk. You might change your new facility location or design it differently, so that you avoid contamination of groundwater close to homeowners and communities. Or, suppose you have identified a certain dyeing process that exposes workers to toxic chemicals and pollutes the local river system. You might design your product mix to avoid this process or find alternate dyeing methods.

Prioritizing Your Actions

AVOID
▼
MINIMIZE
▼
COMPENSATE/OFFSET
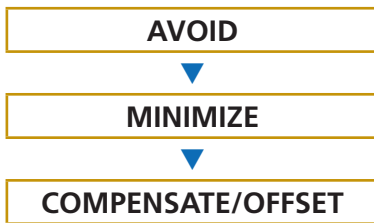
In many cases, complete avoidance is not possible – you may not be able to relocate or find alternative processes or materials. In these cases, you should try to minimize the impact. For example, suppose that you are located in an area where women are traditionally given lower status and less access to education, and in the workplace they are often mistreated by male co-workers and supervisors. The local cultural context and the need to hire both men and women is unavoidable. It is important to pay attention to your recruitment, hiring and training procedures, to make sure that women are hired on equitable terms and given equal access to training and promotion opportunities. You can also develop non-discrimination procedures to ensure that rules for recruitment, hiring and training are clear for everyone to follow. Additionally, you can conduct training to make sure that everyone is aware of and follows the procedures.

In some cases, it may not be possible to completely avoid or minimize certain negative impacts. Then you should find ways to offset them with comparable positive impacts or provide compensation to those impacted. For example, suppose your operation uses a large amount of water. Despite taking action to minimize water consumption, there are still periods of the year when water becomes scarce in the local community. You might collaborate with community leaders to dig new wells or provide alternate sources of drinking water.

SHORT CASES

Here we present several short cases that illustrate some of the actions that companies can take to avoid, minimize or offset/compensate common environmental and social key risks in the textiles and apparel industry. Action Plans can be scaled to the size of your company and the nature of the risks you face.

Textile Mill
RISK: Use of hazardous substances

A mill in Guangdong Province, China, annually produces 5 million meters of fabric. Government and clients increasingly question the environmental impact of textile production in the region. A surprise inspection by state officials was conducted last week and they collected several waste-water samples discharged by the mill. The laboratory found all samples to be heavily contaminated with dyes and to contain toxic substances such as chlorine, chromium, various alkaline compounds, zinc and copper. The sludge from the wastewater treatment plant was found to be leaching and contaminating the groundwater in the surrounding areas.

IMPACT
• Negative impacts on the health and safety of workers and the community
• Negative impacts on the environment

AVOID
• Review use of hazardous materials and substitute with less hazardous when available (e.g. see restricted chemical lists of major clients or institutes such as OEKO-TEX® Standard 100)
• Institute multiple levels of approvals – incorporating the EHS department - for the purchase of workplace materials
• Use biodegradable products where possible

MINIMIZE
• Collect and segregate industrial process wastewater for differentiated pre-treatment of wastewater streams as follows:
• remove of non-biodegradable organic matter using chemical oxidation;
• reduce in heavy metals using precipitation, coagulation and flocculation; and
• treat of highly colored or concentrated TDS streams using reverse osmosis or other segregation techniques
• Collect, characterize and properly dispose of sludge and other potentially hazardous materials

OFFSET
• Remediate contaminated areas and natural resources

Textile Mill
RISK: High Energy Consumption

During a meeting, the senior manager of a mill in Pakistan is made aware of the increasing prices of energy. Energy cost as a percentage of total production costs of the mill has increased significantly. As a result the manager decided to hire an external expert to see where energy can be saved without compromising quality. The factory uses natural gas and electricity; 20 percent of the electricity is used to light the factory.

IMPACT

- Depletion of natural resources and GHG emissions
- Ever increasing production costs

AVOID

- Identify and measure energy use per process, step or machine and benchmark energy use against industry standards
- Make sure that energy demand levels are sustainable given the availability of local energy resources; commence planning to fill anticipated gaps
- Consider diversifying energy sources and identify local energy options (e.g. photovoltaics on factory roof, use of solar water heating)
- Identify and implement energy savings/generation projects with a short-term capex payback (e.g. less than 2 years)

MINIMIZE

- Start simple:
    - Install low energy lighting, timer switches and daylight sensors;
    - Install motion-activated area lighting;
    - Switch off unused machinery and lights;
    - Insulate pipes
- Implement energy efficient techniques and processes:
    - Reuse of or heat recovery from hot wash water before disposal;
    - Use of waste heat to preheat water and for drying processes;
    - Installation of shut-off valves to eliminate steam waste;
    - Use of enzymatic bleaching;
    - Use of high-fixation reactive dyes at low temperatures;
    - Drying controls;
- Review boilerhouse opportunities: boiler blowdown control, oxygen trim for combustion control, economizer;
- Plan and implement energy conservation awareness and training program for workers, supervisors and area managers, to include aggressive identification and correction of water, steam and compressed air leaks
- Consider award programs for energy conservation ideas that lead to significant savings, or with capital cost payback of less than two years

T-Shirt Manufacturer
RISK: Subcontracting

A T-Shirt manufacturer in Turkey employs 450 workers. The manufacturer specializes in basic T-Shirts. The management has however succeeded in diversifying its production over the past years. Besides basic T-Shirts, they now also sell large volumes of printed, embroidered and washed T-shirts and polos. All printing, embroidery and washing is outsourced to nearby units specialising in this type of work. Units were being selected on price, speed and quality of the work. Management of the T- shirt manufacturer is increasingly faced with questions about the labor and environmental conditions under which their products are produced. They feel comfortable about their own factory but are aware that the subcontract units are not always in line with Turkish law or with buyer expectations. Management does not know how to address labor and environmental issues related to their subcontractors.

IMPACT
Labor and environmental legal non-compliances at the subcontractor level

AVOID
• Establish, communicate and seek to implement well-defined labor and environmental policies based on national law and requirements of key clients; make policies contractually binding under the agreements with subcontractors
• Ensure organization's labor and environmental policies are understood and implemented by all subcontractors
• Periodically monitor and audit the subcontractors for their labor and environmental performance as per organization's own policies and procedures; gradually decrease production with subcontractors unwilling or unable to improve their labor and environmental practices
• Allow subcontractors to meet social and environmental policies by agreeing on reasonable prices, lead times and product specifications

MINIMIZE
• Select and reward subcontractors on price and quality and also on labor and environmental criteria
• Provide training to purchasing managers and subcontractors on organization's labor and environmental policies and procedures
• Train/inform subcontractors on product alternatives (e.g. phthalate-free plasticol inks)
• Agree to phase out certain processes or substances within a certain period of time; reward subcontractors on periodic progress made

OFFSET
• Compensate victims of workplace injuries or loss of life in case of subcontractor's negligence

Textile Mill
RISK: Lack of Fire Safety

A mill in Indonesia produces wovens and non-wovens for industrial purposes. A couple of weeks ago a fire broke out in a similar factory nearby. During the fire 18 workers were seriously injured. This accident has brought fire safety to the top of the agenda for the management of the mill. They suddenly realize this could happen to them as well. The workers of the mill are also aware of the risks. They started to ask management questions about the fire safety in their factory. They realize they do not know what to do or where to go in case of a fire. Clients also expressed their concerns.

IMPACT
Life and health risks due to lack of fire safety programs

AVOID

- Conduct a risk assessment and review your building's design and operation to identify how it can be upgraded towards compliance with contemporary local and internationally-accepted fire safety codes, with particular attention to:
    - Fire prevention (e.g. electrical installations, storage of flammable materials away from ignition sources and hot surfaces, etc.);
    - Means of egress (e.g. at least two - but not less than the number prescribed for building size and occupancy - clearly marked and unlocked emergency exits per floor, back up battery powered emergency lights, appropriately sized stairs with handrails and non-slip trading, etc.);
    - Fire detection and alarm systems (e.g. smoke detectors, visual and audible alarms);
    - Compartmentalization to limit the spread of smoke and fire;
    - Fire suppression and control (e.g. type, number and location of fire extinguishers, fire hoses and other equipment to extinguish fires)

- Undertake weekly/daily inspections to confirm that emergency evacuation routes and emergency exit doors are clearly marked, well lit (even in the event of a power failure at night), unobstructed and unlocked

- Annually conduct a fire and emergency risk assessment to evaluate root causes such as electrical wiring, circuit breaker cabinets/fuse boxes, boilers, combustible dust, stored material, etc.

- Contract a certified and competent company for annual inspection, testing and maintenance of fire detection, alarm and suppression systems

- Locate buildings/plants/structures to minimize potential risks from forces of nature (e.g. earthquakes, tsunamis, floods, windstorms) and fires from surrounding areas and buildings

- Establish, communicate and implement fire safety and emergency preparedness and response policies and procedures through joint worker/manager safety/OSH committee

MINIMIZE
• Assemble and regularly train fire fighting and emergency response teams; the number of fire fighters and emergency responders must be proportional to the total workforce and there should be at least one for each section of the factory
• Provide identification of fire fighters and emergency responders (e.g. brightly coloured armband, color coded hard hats, badges)
• Conduct emergency drills at least every month; drills must be conducted in all work shifts
• Have staff practice emergency evacuation procedures regularly; ensure that new and temporary workers are trained on emergency evacuation procedures as part of their induction training
• Maintain records of accidents and incidents; have appropriate parties (e.g. engineering, maintenance, insurance manager) and joint management-worker health and safety committees regularly review records to confirm that appropriate actions to prevent reoccurrence have been taken
• Ask workers about hazardous conditions they notice and reward them for alerting management to them

OFFSET
• Provide medical care for people who are injured in the workplace
• Compensate for loss of life and loss of ability to work
• Ensure that the workers continue to receive their salary until relocation/re-opening of a factory damaged by fire

CASE STUDY: BRAZIL

Children's clothes manufacturer
RISK: Gender Discrimination

A clothes manufacturer in Brazil employs 110 workers, 75% female. Senior Management and line supervisors are all men. Men performing the same work as women get better paid and are offered chances for training leading to promotion. The women in the factory feel they face systematic discrimination. They are better educated than women 10-15 years ago, have learned about better non-discriminatory practices amongst other factories in the same region and have decided to go on strike. Management panics, since now they will not be able to meet an important shipment date and fear being subject to a penalty from the relevant customer. They have offered the women a 5% wage increase to fix the situation. The women see this offer as insufficient.

IMPACT
• Decreased productivity due to tensions and conflicts in the workplace
• Discrimination lawsuits against company
• Loss of orders

Children's clothes manufacturer
RISK: Gender Discrimination

AVOID

- Establish, communicate and implement clear policies on non-discrimination, equal pay for equal work and zero tolerance of sexual-harassment
- Ensure that workers are hired, promoted and compensated solely based on their ability to do the job
- Do not indicate gender preference in job advertisements to avoid discrimination
- No pregnancy tests as part of job candidate screening
- Seek out opportunities for women in doing non-traditional jobs such as cutters, drivers, security, and line supervisors
- Ensure that all workers have equal access to training, tools and opportunities for career advancement

MINIMIZE

- Encourage an employment relationship for all women and male workers that allows for a work/life balance including family responsibilities:
  - Clearly specify in the employment contract what are the regular working hours, maximum overtime and rest days;
  - Clearly communicate ahead of time (at least one week) requirements on overtime;
  - Conduct training during work hours and compensate for that time;
  - Provide workers transportation;
  - Provide health centres for workers and their families to reduce lost time;
  - Provide child caring facilities;
  - Provide maternity benefits as required by law
- Provide progressive skills training to male and female workers including for non-traditional jobs (e.g. cutters and line supervisors for women, sewing operators for men)
- Provide training to managers, supervisors and workers on preventing, identifying and addressing sexual harassment
- Align line supervisors' pay to their workers' pay; this decreases the likelihood that supervisors use their discretion on approving workers bonuses and meeting quotas as an instrument for intimidation and sexual harassment
- Establish "risk free" communication channels for workers to reach managers
- Require recruitment agencies and contractors to follow anti-discrimination policies and verify their compliance through the review of worker demographics and compensation
- Regularly consult local women's experts and groups on gender based violence and women's health to help female workers lead more empowered and healthy lives

OFFSET

- Regularly review salary compensation of men and women in non-managerial jobs and immediately bring them to parity if a gap is identified
- Review worker and manager gender demographics in the workplace and take positive discrimination actions to remediate for historical exclusion of women from higher paid jobs

CMT unit
RISK: No use of Personal Protective Equipment

A cut, make and trim unit in Jordan produces blouses for several European brands. As a result the unit has been audited several times. The audits have pointed out the lack of personal protective equipment (PPE) in the cutting department of the unit. The unit uses hand cutters and lint cutters. The factory management pointed out that mesh metal gloves are available but that the workers prefer not to wear them. Recently one of the workers got seriously injured.

IMPACT

Injuries due to lack of (use of) PPE

AVOID

- Conduct a job hazard/safety analysis
- Plan to phase out processes and machinery with high risk of injuries and illnesses (e.g., sandblasting)
- Establish, communicate and implement clear policies and procedures related to machine safety and mandatory use of PPE
- Have joint management-worker health and safety committee examine why workers do not wear metal gloves
- Have workers try on different sizes and styles of metal gloves to select the most appropriate ones
- Adapt daily production quotas if the use of metal gloves slows down worker productivity
- Consider the substitution of automated equipment for manual cutting

MINIMIZE

- Regularly train workers on safe work procedures and correct use and maintenance of PPE (e.g. metal gloves, needle guards, sandblasting equipment); this must be included in the induction training for all new and temporary workers
- Periodically monitor and audit the implementation of safe work procedures and use of PPE
- Include OHS indicators in the performance evaluation of supervisors
- Assign first responders and regularly train them on first-aid skills and knowledge suitable to the specific workplace
- Make sure trained first responders are present during all shifts in all departments
- Maintain appropriately stocked and unlocked first aid kits
- Display safety posters to visually communicate the importance of using PPE (e.g. metal gloves) and the potential consequences of not using it
- Display first aid response posters suitable to the specific workplace
- Maintain records of accidents and incidents; have joint management-worker health and safety committee regularly review records to confirm that appropriate actions to prevent reoccurrence have been taken

OFFSET

- Provide medical care for workers who are injured in the workplace
- Compensate for loss of life and loss of ability to work

Spinner
RISK: Use of agencies to recruit temporary workers

A spinner in Egypt has 200 permanent workers and 100 temporary workers. The temporary workers are placed at the factory by a recruitment agency. The factory management prefers this since the agency takes over the recruitment, contracts, transport, housing and payment of the workers. The agency brings both domestic and migrant workers to fill the demand. The factory supervisors and permanent workers are from the local area. Their rights and contracts meet local labor law. They feel comfortable in the factory .The temporary workers are not satisfied. They complain that their wages do not meet the set minimum wage. They also complain about excessive deductions for unsafe and dirty housing provided by the agency.

IMPACT

- Wages of temporary workers not meeting legal minimum wage
- Unsafe and unhygienic housing conditions for temporary workers

AVOID

- Decrease company's reliance on temporary workers
- Use only legally accredited recruitment agencies
- Establish, communicate and implement adequately defined hiring and remuneration policies and terms of employment conforming to national labor laws for temporary workers
- Ensure organizational labor policies are understood and implemented by the recruitment agency; make policies contractually binding under the service agreement with the recruitment agency
- Periodically monitor and audit the recruitment agency's labor performance as per spinner's own policies and procedures and local law
- Ensure recruitment agency is not withholding workers' papers

MINIMIZE

- Make sure that temporary workers are informed (in all applicable languages) on their rights including wages, benefits and deductions
- Agree with the recruitment agency on reasonable deductions for housing, transport and other services provided to temporary workers
- Make sure all temporary workers receive contracts and clear records of pay calculations in their native language
- Make sure all temporary workers are paid at least the minimum wage
- Set up a phone hotline to receive workers' complaints – openly or anonymously – via voice or SMS; ensure that complaints can be presented in workers' native language
- Implement a complaint management resolution mechanism (grievance mechanism) accessible to both permanent and temporary workers
- Periodically talk to temporary workers on complaints and opportunities

OFFSET

- Together with the recruitment agency and local authorities, seek an alternative for housing of temporary workers; consult IFC/EBRD Guidance Note on Workers' Accommodation for international good practices
- Reimburse workers for illegal deductions made by contractors
- Retroactively pay workers whose compensation didn't met legal minimum wage and return papers

Shirt Manufacturer
RISK: Excessive overtime and lack of premium compensation

A shirt factory in India employs 150 workers in a one shift operation. In the past, the facility only delivered to the domestic market but it has recently started to supply two foreign brands. As a result total demand has increased over 30%. In order to get the export orders, the management of the factory was tempted to give delivery times which are difficult to realize. Management is also hesitant about hiring extra staff as they are not sure whether the export business will continue. The management has decided to increase capacity of the factory by adding 3 mandatory hours of overtime daily for all workers and working seven days/week. The extra hours are paid at the normal rate instead of being compensated with the premium rate as defined by law.

IMPACT
• Forced overtime
• No weekly rest day
• Lack of premium compensation for overtime

AVOID
• Establish, communicate and implement organization's policy on remuneration and working hours conforming to national labor laws; all overtime should be limited, voluntary and be paid at premium rate
• Remunerate the workers for their regular and overtime working hours based on regulatory requirements and industry norms; regular working hours should be limited to 48 hours per week, with at least one rest day per seven days, and overtime pay should be at least 150% of the regular rate
• Consider operating two shifts instead of one for a number of production lines to meet the increased demand for production; provide safe transportation to night workers and ensure remuneration complies with the legal minimum wage for night workers
• Consider outsourcing part of the production to sub-contractors with approved and monitored labor systems in place

MINIMIZE
• Provide workers with periodic and clear records of pay calculations including worked overtime and received compensation
• Engage with customers on expected volumes of production and discuss realistic lead times
• Review pay structure to incentivize productivity during regular working hours, but avoid remuneration systems only based on piecework that could become exploitative
• Provide training to managers and supervisors on production planning
• Assess the current production process to identify current inefficiencies due to lack of training, poor production design and poor machinery

OFFSET
• Retroactively compensate for overtime work at the established overtime rate

Dyeing House
RISK: Excessive water consumption

A dyeing house in Bangladesh is questioning the long term sustainability of its current water consumption. The area where the factory is located is faced with increased periods of water shortages. The water shortages are negatively impacting industry and farms in the area. The factory currently uses 1 million m3 of water per year. About 40% is from groundwater; the rest comes from a nearby river. The factory owner also sees reducing raw water demand as a priority in order to reduce production costs and to position his factory as an environmentally conscious manufacturer, as this is becoming more and more important to clients.

IMPACT

Depletion of local water resources (ground and surface water)

AVOID

- Develop water balance for specific processes and estimate consumptive and non-consumptive water usage; add meters to monitor key consumers; benchmark water use against industry standards
- Identify and prevent all water losses, including pilferage, transmission losses due to seepage (exfiltration), leakage, evaporation, etc.
- Convert wet-cleaning processes to dry processes
- Install waterless dyeing processes such as air and CO_2 dyeing

MINIMIZE

- Modify/replace water-intensive processes with water-efficient technologies, such as:
  - counter current washing;
  - continuous horizontal washers and vertical spray washers or vertical double-laced washers;
  - use of rinse water from bleaching in textile washing;
  - continuous and semi-continuous dyeing processes instead of batch dyeing;
  - use of solution dyes when dyeing synthetic fabrics;
  - low liquor-ratio jet dyeing machines;
- Consider efficient combination of operations, such as scouring and bleaching, to save energy and water
- Use of computer controlled water flow-controls to ensure that water only flows to a process when required
- Reuse water (e.g. rinse water for subsequent dyeing, recovering and recycling condensate, cooling water, and treated wastewater)
- Plan and implement water conservation awareness and training program for workers, supervisors and managers

OFFSET

- Actively consult and engage with local communities, regulators and NGOs to plan specific programs and actions to address and resolve water concerns in the region
- Participate in and promote Integrated Water Resources Management processes
- Develop and implement rainwater harvesting programs
- Assist community in easy access to safe and potable water
- Reduce demand by others through adequately treating industrial wastewater and finding alternative applications for this resource (e.g. irrigation, raw water for other local industries)

Fabric mill and dyeing house
RISK: Nuisance due to noise

A dyeing house in Mexico has decided to vertically integrate its operations. Besides the dyeing and finishing of fabrics, it is now also weaving the fabrics. Six months ago management finished the building of an extra production hall and bought 30 weaving machines. The management is satisfied as it now able to better control quality and lead times of the fabrics. People living close to the factory however complain. The new hall is close to their homes and the weaving machines create a permanent loud noise.

IMPACT
Nuisance in the community due to loud noise

AVOID
• Include the assessment of community impacts in investment decisions and plans (e.g. preference for low noise machinery)

MINIMIZE
• Improve the acoustic performance of the hall applying sound insulation
• Install acoustic enclosures (e.g. curtains) on weaving machines
• Use machinery only during the day and not during the night

OFFSET
• Engage in active consultation with victims of nuisance and compensate as committed

WRITING AN EFFECTIVE ACTION PLAN

Whatever actions you decide to take, think of them as a continual improvement process - you will need to set targets, set deadlines, measure the results, and adjust the plans if necessary. You need to assign responsibilities and start to involve the right internal people and departments.

As you develop your Action Plans, these are the key questions that you need to think about:

- **What** – environmental and social risks you want to address
- **How** – related actions and procedures to be implemented to address the risk
- **Why** – reasons (objectives) for the actions and procedures, and the expected results (targets)
- **When** – timeframe and deadlines
- **Who** – responsible people

Use the Toolkit item **Action Plan Chart** to get started.

The above examples address some of the risks highlighted in the industry. These are just some of the actions that might be taken. You can adapt them to your situation and add as needed – be flexible to meet your company's specific situation. As you tailor your action plans, consult with your workers and managers, experts and external stakeholders, including your suppliers and community. They can offer insight into important issues and effective actions. They can also help you obtain commitment for plans you are trying to implement, and provide candid feedback about how well the plans are working. This will be critical to the continual improvement of your systems.

For recommendations on how to address environmental, OHS and community risks and impacts in your industry, consult the *WBG EHS Guidelines* at www.ifc.org/sustainability.

WRITING AN EFFECTIVE PROCEDURE

Procedures serve as step-by-step instructions for workers, supervisors and managers. They allow for everyone to have a common understanding of how to behave. They enable the rules to be followed even when there is staff turnover. Clear, detailed procedures help to embed your social and environmental policies into your daily operations.

It is a good practice to document your procedures. The key is to make your procedures as clear and as brief as possible. You can use text, checklists, flowcharts, or simple illustrations. The format for your procedure can vary depending on the audience. A written procedure may be more appropriate for managers and supervisors, while illustrations may be useful when dealing with less literate or immigrant workers. Keep your procedure as short and simple as possible.

Use the Toolkit item **Outline of Procedure** and the **Sample Procedure Flowchart** to get started.

Simply documenting a procedure is not enough. Effective implementation is the ultimate goal. Most importantly, employees need to be aware that a new procedure exists and understand why it is important to follow. They need the skills and knowledge to be able to implement it. This is achieved through routine communication and effective training. You will learn more about this in the next chapter, Organizational Capacity and Competency.

Finally, you must ensure that your employees have access to the current version of each procedure. Out-of-date documentation should be removed or clearly marked as outdated to ensure that no one unintentionally follows the old procedure.

Organizational Capacity and Competency

A well-implemented ESMS is ultimately about trained, committed people. How do you make that happen?

5 All levels of the company are trained and engaged – multiple units and workers as well as managers. E&S staff has implementation authority. Management commitment is reflected in resources devoted to E&S management and training.

4 Multiple units have E&S responsibilities, and senior management is involved. E&S is managed as an inte- grated system. New staff receives some E&S management guidance.

3 All levels of the company are involved in aware- ness training. E&S roles and responsibilities are assigned and part of daily operations. E&S staff is trained and competent.

2 E&S roles are defined and assigned. Each issues is handled only by one func- tional area. Some aware- ness training is provided at orientation and addi- tional training is provided for EHS staff.

1 No assigned staff with E&S management respon- sibilities. Some limited awareness and E&S roles and responsibilities start- ing to get defined. No systems awareness or repeatable processes.

0 No internal awareness and no formally assigned responsibility for E&S.

ROLES, RESPONSIBILITIES AND AUTHORITIES TO IMPLEMENT THE ESMS

First, you need senior management commitment. Senior management commitment starts with adopting the ESMS policies, but it must go beyond that. Senior management support is critical to implementing a sustainable ESMS. It is the responsibility of senior management to lead the effort. They don't have to lead the effort on a day-to-day basis, but they do need to send a clear message, to all employees at all levels, that this is a long-term commitment by your company.

Beyond senior management commitment, you need a team that takes responsibility for the ESMS. This does not need to be a full-time job for anyone, but senior management needs to ensure realignment of reporting duties, allocation of appropriate time and authority to carry out the work involved.

A well-balanced ESMS Team is a prerequisite for meaningful engagement with your peers and colleagues. It should include knowledgeable profes- sionals from environment, health and safety, operations or production, contracts and purchasing, human resources, for example.

In fact, the success of a management system depends on departments that have traditionally been seen as beyond the reach of environmental and social issues, such as human resources, production, procurement and main- tenance. For example, human resources manages training needs related to the labor aspects, production focuses on the more efficient use of resources and the reduction of waste, procurement manages the qualifications and performance of suppliers and contractors, and maintenance ensures that the equipment runs efficiently and that spills, leaks and other emergency situa- tions are minimized.

The ESMS Team should not work in isolation when identifying risks and impacts, developing improved procedures, designing actions plans, etc. To be truly effective, the ESMS Team needs to consult with people from all levels of the company, including supervisors and workers, as they are key frontline identifiers of problems.

As with the overall management system, the team should be scaled to the size and complexity of your company. Your organization might not have multiple departments with distinct roles; maybe a few people cover several functions. The key is to involve people across the range of functions. If a team already exists in your company (e.g. fire safety team, health and safety committee) consider building your ESMS Team upon it.

Once the ESMS Team is selected, they need to select a team leader. This is an important role, especially in the beginning. The team leader needs to set the tone for the group and keep people motivated. All new initiatives in a company face hurdles, and developing and implementing an ESMS is no exception. The team leader needs to help the team overcome the inevitable hurdles, and should have direct access to senior management.

Take a look at the Toolkit item **Roadmap and Time Estimate for Developing and Implementing an ESMS** in the Toolkit and Case Studies for a list and sequencing of activities to develop and implement an ESMS.

When selecting a team leader, look for someone who has the following qualities:

- communicator;
- problem-solver;
- project manager;
- pragmatic; and
- respectful to all.

EXAMPLE OF AN ESMS TEAM

Human resources

Quality control

Production

Environmental health & safety

Select a team leader

Worker Representatives

Procurement/ Sourcing
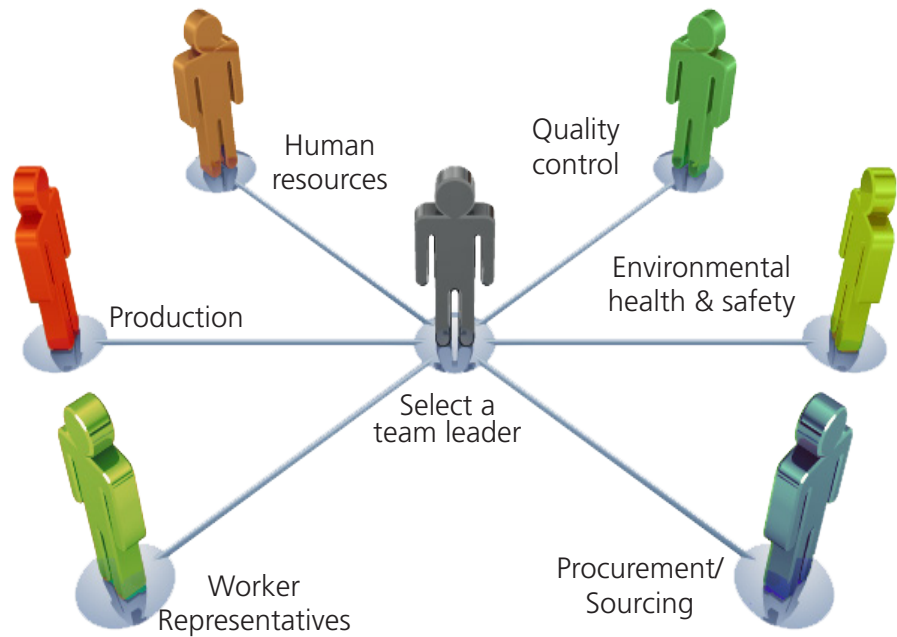
COMMUNICATION AND TRAINING

Now that you have identified the actions to be taken and updated your procedures, you need trained, committed people who follow the ESMS procedures. This is the end goal of communication and training.

There are three key steps that build on each other:

1. **They need to be aware of the ESMS.**
   - What is it?
   - What are its goals?
   - What do I need to do?

2. **They need to understand that the ESMS is necessary and will improve the company.**
   - How does this help our company?
   - How does it help my department?
   - What will change?
   - What is in it for me?

3. **They need to obtain the skills and knowledge to be effective in their roles.**
   - What are the new policies and procedures?
   - What exactly do I need to do?
   - How do I do that?
   - What will happen if I don't do it?

Effective Communication and Training

Ask yourself if the goal of this specific communication or training module is to build awareness, to gain commitment and/or give people the knowledge and skills needed to implement.

Your ESMS Team needs detailed training so they can develop the necessary knowledge and skills. They will need to understand the basics of the Plan-Do-Check-Act cycle and know the nine elements of an ESMS. This Handbook provides the information they will need, but additional help may be necessary. In addition to the detailed training of the team, everyone will need to receive awareness training so there is a shared understanding of the goals of the ESMS.

The chapters in this Handbook provide an easy way to structure efficient general training. You can give everybody an overview about what you have learned here about developing and implementing an ESMS.

You may also need to provide training that is specifically related to your Action Plan and new operating procedures.

Examine the specific actions and who is going to be involved. This is a quick way to determine what training will be needed by the various departments and people in your company. Ask yourself what knowledge and skills do people need to effectively implement new procedures, carry out allocated responsibilities and complete the action plan.

Use the Toolkit item **Training Plan Worksheet** as template and tie it to your Action Plans and improved procedures.

AWARENESS   **COMMITMENT**   **IMPLEMENTATION**

Emergency Preparedness and Response

5   Regular engagement with local community and government for onsite and offsite emergency plan. Formal resource-sharing agreements with neighboring companies.

4   Senior management and all units and shifts, including contract and temporary workers, participate in emergency risk assessment, preparedness planning and mock drills. Continual improvement.

3   All onsite and off-site emergency issues have been identified and an effective preparedness plan is in place. The plan meets the local regulatory requirements and the local industry best practices.

2   The emergency preparedness plan is in place, but there is no evidence of consistent implementation. Some trainings are provided to the workers on emergency requirements.

1   Emergency management planning is not effective, as all emergency risks have not been identified. Occasional trainings are provided to workers.

0   Very limited emergency control and personal protective equipment. No formal plan in place.

Even when you have considered all the risks and put the appropriate management programs in place, accidents and emergency situations can happen.

Your business is a dynamic operation, and many things change from day to day – people go in and out of your workforce, materials and suppliers enter and exit your supply chain, facilities and equipment are added to and removed from your production line. A management system will help to maintain continuity and consistency throughout these changes. However, there may be a momentary lapse or gaps in the system (e.g. someone not properly trained, someone not following the procedures, a machine breakdown), or an external force (e.g. natural disaster) that can lead to an accident or emergency situation at your facility. While it is not always possible to prevent such situations, you can be prepared to respond effectively to prevent and mitigate any harm to your workers, community and the environment.
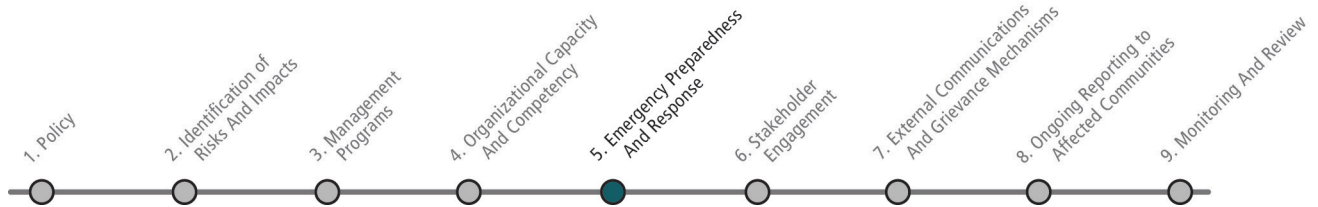
The key to effective response is effective preparation. The following steps will help you to anticipate the possible scenarios and prepare accordingly:

- Identify the areas where accidents and emergency situations may occur, and communities and individuals that may be impacted. This should begin during your overall risk and impact assessment, through your process analysis, physical mapping and consultations with workers, experts and the community.

- Develop response procedures for each identified emergency situation that clearly explain what actions need to be taken. These need to be detailed clearly for everyone in your company to understand what he or she needs to do.

- Provide the necessary equipment and resources to effectively implement the response plans. A stockpile of fire extinguishers does not put out fires, unless people can effectively find and use them when needed. Think about equipment that is easy for people to use and is located where it can be immediately accessed during accidents and emergencies.

- Assign responsibilities so that each activity has people responsible for carrying it out. Also designate people who will routinely analyze how well the system is working and update the risk assessment and plans.

- Communicate so that everyone in your company understands the importance of the emergency preparedness and response system and is encouraged to help monitor and improve its effectiveness. Also include people in the community who may be affected.

- Provide periodic training so that everyone in your company has an overview of the system, and knows the response plans. Don't just lecture about what to do – ask for and obtain input on what needs to be addressed and what can be improved. Even with the most detailed procedures and plans, people will need to exercise individual judgment and adapt to quickly changing situations. This is more likely to happen if you engage people in all aspects of the system beforehand.

- Work with government agencies and community groups to identify areas where you can collaborate to respond effectively to internal and external situations.

- Conduct periodic checks and drills to test how well the system is working and to re-assess the risks to reflect changing conditions. Incorporate your findings to continually improve your system.

- Remember, it is essential that the emergency response plan be site specific. Even if you have similar operations at two different sites, it does not mean that the same emergency plan would be effective at both locations. An emergency response plan at each site should be independently reviewed for its suitability and effectiveness.

Look at the **Sample Fire Response Procedure** and **Sample Chemical Spill Response Procedure** Flowchart for examples.

An Emergency Preparedness and Response Plan should include:

- identification of potential emergencies based on hazard assessment;

- procedures to respond to the identified emergency situations;

- procedures to shut down equipment;

- procedures to contain and limit pollution;

- procedures for decontamination;

- procedures for rescue and evacuation, including a designated meeting place outside the facility;

- location of alarms and schedule of maintenance;

- list and location of equipment and facilities for employees responsible for responding to the emergency (fire-fighting equipment, spill response equipment, personal protection equipment for the emergency response teams, first aid kits and stations);

- protocols for the use of the emergency equipment and facilities;

- schedule for periodic inspection, testing and maintenance of emergency equipment;

- clear identification of evacuation routes and meeting points;

- schedule of trainings (drills), including with local emergency response services (fire fighters);

- procedures for emergency drills;

- emergency contacts and communication protocols, including with affected communities when necessary, and procedures for interaction with the government authorities;

- procedures for periodic review and update of emergency response plans.

Common Hazards and Emergency Situations in Textiles and Apparel Factories

Common Hazards/ Emergency Situations in Textiles and Apparel Factories	Potential Causes
Cuts and lacerations sustained in cutting and sewing operations	• Absence of machinery guards resulting in cuts or lacerations (e.g. sewing machine needle guard) • Cutting tools are poorly designed (e.g. awkward grip and/or hand position) or poorly maintained • Poorly designed work stations (e.g. inappropriate or inadequate height, insufficient lighting, insufficient working space) • PPE not appropriate or adequate for assigned tasks (e.g. issued gloves are not cut-proof) • Poorly planned incentive schemes (e.g. piecework incentive) that negatively impact workplace safety • Distractions in the workplace (e.g. excessive noise, interruptions from supervisors/co-workers, etc.) • Fatigue due to inadequate ventilation, high temperature and humidity, insufficient drinking of water/fluids, and long working hours.
Cuts, fractures, puncture wounds, amputations or fatalities due to being "struck by," "struck against," and "caught in" the equipment and plant machinery	• Absence of rotating machinery guards resulting in persons being struck by, struck against, or caught in machinery • Removal of machine guards by worker to increase production rates (found commonly in plants with production based incentives) • Absence of lockout/tag-out procedures, equipment and training • Absence of floor markings indicating flow of traffic, and spaces reserved for pedestrian and vehicle traffic • Failure to follow safe practices for forklifts, trucks, and storage (safe shelving) • Improper attire (e.g. loose clothing or gloves, unconfined long hair, jewelry, etc.) being caught in moving parts of machinery • Improper structural stability and design to accommodate dynamic and static loads • Improperly designed or installed materials, or utilities suspended from ceilings and overhead structures
Back injuries, strains and sprains, contusions and fractures due to slips, trips and fall	• Inadequate workplace cleaning resulting in slippery work surfaces • Tripping over boxes, electrical cords, equipment, or other items that are left in aisles and walkways • Missing rails or non-slip treads in the stairways • Absence of guardrails or toeboards on elevated work places • Use of ladders not equipped with non-slip safety feet

Common Hazards/ Emergency Situations in Textiles and Apparel Factories	Potential Causes
Burns, scalds, respiratory and potentially carcinogenic effects from exposure to chemicals and dust	• Inadequate procedures for handling, storage, and clean up of hazardous chemicals • Inadequate exhaust ventilation combined with excess atmospheric vaporization leading to inadequate air supply for workplaces • PPE not appropriate or adequate for assigned tasks (e.g. respiratory cartridges are not fit for purpose for the risk in hand) • Exposure to cotton and other dusts from lint, yarn, and fabric leading to byssinosis
Electric shock and electrocution	• Use of ungrounded and improperly grounded machinery and equipment • Electrical cables passing through/laid around damp, humid, and otherwise unsafe locations • Inadequately guarded electrical conductors or open electrical cabinets • Cracked fuses, plugs, and sockets, damaged distribution sockets and circuit breakers, and poorly connected, worn, frayed, or bare cables • On/Off power circuit switches that are not located at clearly visible points • Absence of lockout/tag out maintenance procedures, training and required apparatus to de-energize electrical circuits • Absent, insufficient, and unreadable signage related to electrical hazards • Inadequate electrical lightning conductor deployment and installation leading to power surges and associated problems • Lack of PPE for workers that may be in contact with exposed electric parts (e.g. electrical gloves and insulated tools rated for the voltage level, class B hard hats, electrically rated steel-toed boots, safety glasses)

Common Hazards/ Emergency Situations in Textiles and Apparel Factories	Potential Causes
Emergency events arising out of fires and/or explosions	• Unsafe handling and storage of flammable, combustible and explosive materials including pressurized containers • Absent, insufficient, and unreadable signage related to storage areas of flammable, combustible, and explosive materials • Inadequate housekeeping (cleaning, servicing, repairing), and collection and proper disposition of flammable and combustible materials from workplaces and storage areas • Poor inspection and maintenance of fuel lines • Leaks and spills from flammable, explosive, and hazardous materials containers and installations • Inadequate exhaust ventilation facilitating accumulation of fine dust particles or solvents exceeding the lower explosive limit (LEL) • Improper storage (e.g., unventilated places) and transport (e.g. rolling instead of using carts) of pressurized gas cylinders • Failure to reject, return to supplier or eliminate damaged or incompletely equipped gas cylinders (e.g. missing regulator caps) • Inadequate procedures for controlling ignition sources such as smoking, welding, and burning • Unsafe gas hoses and gas welding equipment • Use of equipment producing sparks close to explosive, combustible, and flammable materials storage and usage • Poor electrical maintenance using unauthorized electricians who are not following electrical codes and regulations • Faulty and/or overloaded electrical wiring and cable trays • Operating electrical equipment over the normal "sanctioned load" • Absence of adequate smoke/fire detection and alarm systems • Absence of adequate fire suppression and safety equipment • Absent or insufficient training of personnel on fire safety, emergency response, building evacuation, and first aid procedures • Obstructed or locked emergency exits, and narrow stairways • Insufficient or non-existent lighting at emergency exits, in corridors, and hallways

Stakeholder Engagement

5

Stakeholder engagement is part of regular activities. Awareness and engagement at senior levels. Fluent and inclusive communication and consultation process with stakeholders.

4

Multiple and ongoing public consultation and participation in a culturally appropriate manner. Stakeholder feedback is actively considered. Reporting to communities and effective grievance mechanism is evidenced by formal records.

3

Stakeholders have been identified and engaged in several events with effective dialogue. Some procedures and assigned responsibility for engaging with stakeholders.

2

Some public events, limited ongoing engagement process. Sporadic and selective responses when approached by stakeholders.

1

Limited channels in place. A few meetings and discussions, but not an ongoing process yet.

0

Little or no transparency with stakeholders.

Your company may have an impact on the lives of many people and organizations. All of these people and organizations are your stakeholders - they have a stake in your company's financial, environmental and social performance.

Look at the diagram below and think about how your company interacts with each group. Your relationship with each group is different, and you need to adapt the way you engage with each of them to mitigate risks to your business.

Systematically engaging with affected communities in the identification and management of the impacts that negatively affect them contributes to building trust, credibility and local support. Engaging with them also provides the opportunity to highlight the positive aspects of the company's presence. This lowers the risk of anti-company sentiments that could lead to costly litigation or disruption of company operations.

Other stakeholders such as activists and NGOs may not be directly affected by your operations but may have an interest in what you do. Keeping these groups informed and maintaining an open communication channel may lower the risk of negative campaigns that could affect your company's reputation.

MAPPING YOUR STAKEHOLDERS

The first step in building a relationship with your stakeholders is to identify them. To start, look back at your risk assessment and the areas of potential negative impacts and identify who would be directly or indirectly impacted.

Once you have identified your stakeholders, you should prioritize the different groups based on the nature and severity of the impacts, and the ability of these groups to influence your business. Engagement should be stronger and more frequent with those groups that are more severely affected, as well as with those that have a greater ability to influence your business.

Also, as you identify your stakeholders and the issues that may affect or interest them, you can tailor your communication material and methods to effectively engage with each of them.

INTERNAL AND EXTERNAL STAKEHOLDERS

Workers are an important internal stakeholder group. They also need to be involved in the identification of risks that affect them and be consulted when developing action plans and procedures. However, the methods of engagement with them will differ from those used for external stakeholders.

Use the Toolkit item **Stakeholder Map** and **Impact Zoning Tool for Affected Communities** to get started.

For effective consultation with affected communities :

- Start early;

- Disclose meaningful and accurate information;

- Use culturally appropriate means to reach them;

- Provide opportunities for two-way dialogue ;

- Document to keep track of issues raised; and

- Report back on how their input has been used and considered

DEVELOPING A STAKEHOLDER ENGAGEMENT PLAN

After mapping your stakeholders, the next step is to develop a plan for how to engage with the groups that you have identified. Your stakeholder engagement plan can be simple. But it is important to be proactive and to address key environmental and social concerns.

At a minimum, even if your company does not have adverse impacts on communities or other stakeholders, you should always implement a procedure to receive communications from the public and accordingly adjust your management program (see Element 7, External Communication).

If it is determined that there are affected communities, you need to implement a Grievance Mechanism (see Element 7, Grievance Mechanism) and actively engage them in consultation, regularly disclosing clear and meaningful information on both your impacts and potential benefits, and providing communities with opportunities to express their concerns and suggestions.

In the case of potentially significant adverse impacts to individuals and communities, you should engage them in a process of Informed Consultation and Participation (ICP). Compared to a consultation process, an ICP should ensure a more in-depth exchange of information and a higher level of participation from affected stakeholders in decision-making, so that their proposed mitigation measures are incorporated into the company's action plan.

Finally, you should periodically report to affected stakeholders on the actions your company is putting in place to address the issues identified through the engagement process (see Element 8, Ongoing Reporting to Affected Communities).

Regular communication with the various stakeholder groups is an excellent way for you to understand how company operations affect them and to get early warnings of potential problems. In all your efforts to reach out to stakeholders, ensure that you do so early on – relationship-building takes time. Don't wait until a crisis arises to act, as it will be more difficult without those relationships in place to manage the problem.

Use the Toolkit item **Stakeholder Engagement Plan Worksheet** to record how you will engage with the important stakeholder groups.

TIP

Effective Stakeholder Engagement

- Be strategic and prioritize which stakeholders to approach – you may not have the resources to engage them all at once.

- Update your stakeholder map regularly and in the case of significant events (e.g., changes to your business, government elections, natural disasters, etc.).

- Be aware of what issues are important to each group.

- If you are dealing with a representative for the group, make sure that he/she legitimately represents the interests of the affected groups and communities.

- Engage with stakeholders in their own communities and places where they feel comfortable.

- Reach out to vulnerable and marginalized groups.

- Keep a record of questions, comments and suggestions. Records provide important information that should be used to adapt your Action Plans and improve your ESMS.

- Recognize that your employees are a good link to stakeholders in the "outside world."

- Be prepared to respond to stakeholders, and do not generate expectations that cannot or will not be fulfilled.

DEFINITIONS

Stakeholder	Any person or organization that has an interest in or is affected by your company
Affected Communitites	People or communities who are subject to company-related adverse impacts on their environment, infrastructure, way of life, personal safety, health or livelihood.

For more information on how to develop and implement a Stakeholder Engagement Plan, refer to the Good Practice Handbook *"Stakeholder Engagement,"* IFC (2007).

External Communications and Grievance Mechanisms

5 Proactive and responsive external communication and grievance mechanism. Stakeholders are consulted on ESMS effectiveness and are part of the regular review process.

4 Effective grievance mechanism is evidenced by formal records. There is routine review of the records and the effectiveness of the program.

3 Grievance mechanism is fully implemented; however, there is not enough evidence of its effectiveness. No tracking of internal or external awareness; limited tracking of cases.

2 Procedures and assigned responsibilities for receiving and handling complaints. Awareness is limited to those directly handling the complaints.

1 Some basic procedures for receiving complaints. Responsibility limited to one person or unit.

0 No mechanism in place.

If your company has social and environmental impacts in the community, inquiries, concerns and complaints are bound to arise. How you respond to and manage these issues will have significant implications for how your business is perceived and, possibly, whether or not it succeeds.
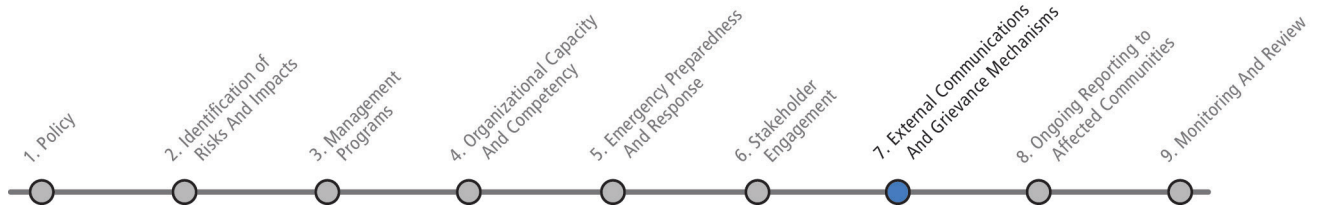
EXTERNAL COMMUNICATIONS

Even if affected communities per se are not identified, you should always establish and maintain a publicly available and easily accessible channel for stakeholders to contact you (e.g., phone number, website, email address, etc.).

External stakeholders can provide valuable information, such as suggestions on product improvement, advance warning in critical situations, feedback on interactions with your employees, and/or comments from regulators, NGOs and individuals regarding your company's environmental and social performance.

The procedure for external communication should include methods to (i) receive, register and validate external communications and requests for information from the public; (ii) screen and assess the importance of the issue raised and determine how to address it; (iii) provide, track, document and publish responses; and (iv) adjust the management program when appropriate.

GRIEVANCE MECHANISMS

The purpose of a grievance mechanism is to establish a way for individuals, groups or communities affected by your business to contact you if they have an inquiry, a concern or a formal complaint.

1. Policy   2. Identification of Risks And Impacts   3. Management Programs   4. Organizational Capacity And Competency   5. Emergency Preparedness And Response   6. Stakeholder Engagement   7. External Communications And Grievance Mechanisms   8. Ongoing Reporting to Affected Communities   9. Monitoring And Review

In practice, a grievance mechanism should:

- Establish a way for people to contact you – openly or anonymously – to pose their questions, to express concerns or to file a complaint. Examples are suggestion boxes, a toll-free telephone hotline, an email address, and regular meetings arranged to discuss particular problem areas.

- Assign a person or team in your company to be responsible for receiving, registering and processing all grievances.

- Establish procedures to register, screen, categorize, investigate and determine resolution and redress options.

- Establish a system to communicate decisions taken and progress on pending actions. It is important that people know when they can expect a response.

Not all complaints can be resolved in the same way. Simpler issues, such as a company truck running over chickens in the road, might be dealt with by the same team responsible for registering the complaint. More complex problems, such as allegations of widespread groundwater contamination, might require immediate intervention by senior managers and more dedicated resources for investigating, documenting and reporting. For complex and recurring problems, consider reaching out to third-party facilitators that can act as independent mediators.

TIP

Implementing a Grievance Mechanism

- Scale it to fit the level and complexity of social and environmental risks and impacts identified in your company.

- Design the process to be easily understandable, accessible, trusted and culturally appropriate.

- Publicize the availability of the grievance procedure so people know where to go and whom to approach.

- Commit to a response time and keep to it as this will increase transparency and a sense of "fair process."

- Keep records of each step to create a "paper trail."

The more serious the claim is, the more independent the mechanism should be to determine the resolution and options for redress.

The most important thing is to make sure the grievance mechanism is accessible and trusted. Tailor it for the local community so that it is easy for them to raise concerns. This requirement mandates having the right people leading this effort inside your company. The grievance mechanism must be accessible at no cost and without retribution to the party that originated the complaint and should not impede access to judicial or administrative remedies.

Don't underestimate the value of a well-implemented grievance mechanism. The information you receive can act as an early-warning system before the problem becomes too costly and time-consuming to address.

Look at the Toolkit items Checklist for an Effective Grievance Mechanism and Grievances Log to get started.
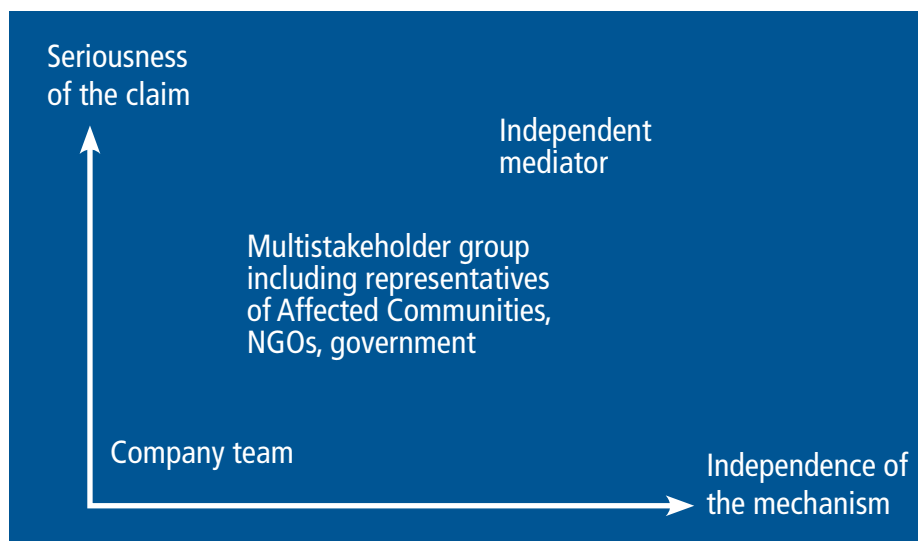
TIP

A Grievance Mechanism is

UNDERSTANDABLE AND TRUSTED when:

- affected communities understand the procedure to handle a complaint;

- people are aware of the expected response time; and

- confidentiality of the person raising the complaint is protected.

CULTURALLY APPROPRIATE AND ACCESSIBLE when:

- claims can be presented in the local language;

- technology required to present a claim is commonly used (e.g., paper, text messaging, internet); and

- illiterate persons can present verbal complaints.

AT NO COST when:

- people don't need to travel long distances to present a claim; and

- the company covers the costs of third party facilitation.

For more information on how to develop and implement a Grievance Mechanism, refer to the Good Practice Note "*Addressing Grievances from Project-Affected Communities,*" IFC (2009), and the Advisory Note "*A Guide to Designing and Implementing Grievance Mechanisms for Development Projects,*" CAO (2008).
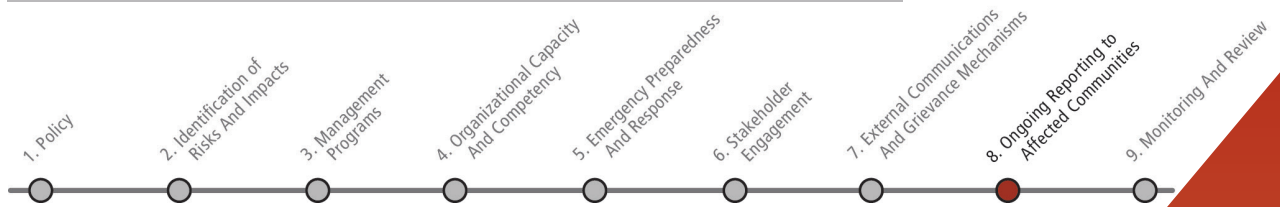
Ongoing Reporting to Affected Communities

Affected communities will want to know what actions your company has put in place to resolve the issues identified when engaging with them.

Keeping affected communities informed of what you are doing is a critical element for building and maintaining a good relationship. If people know when they will receive an update, it helps to build trust. It can also reduce the amount of time you spend responding to questions.

The frequency of this communication will be proportional to the scale of stakeholders' concerns, but it should be at least annual. If your company's activities change or new environmental and social risks emerge, you do need to contact stakeholders outside of the regular schedule to discuss these changes.

TIP

Ongoing Communication

- Provide an immediate update if new environmental or social risks emerge.

- Report progress on implementation of your commitments.

- Report monitoring results on issues that interest the community.

- Use the opportunity to communicate the benefits generated by your company.

- Translate information into local languages and easily understandable formats.

- Try to maintain continuity in who deals with the community.

- Involve your employees as communication links to the community.

- Consider conducting a stakeholder survey to learn how your company is perceived.

You can also decide to report back to the wider public on your progress in meeting your commitments to avoid, reduce and mitigate any negative environmental or social impacts from your company's activities. Sustainability reporting initiatives, guidelines, including sector-specific guidelines, and good practices are also rapidly emerging in this area. The most notable is the Global Reporting Initiative (GRI).

Look at the Toolkit item **Reporting to Affected Communities** for examples of formats and venues you can use.

5 Affected communities' issues and concerns are proactively addressed. There is ongoing communication to avoid risks and impacts before new projects as well as to address existing issues.

4 Reporting to affected communities is regularly implemented and evidenced in documentation. Key units are involved in the review of the key issues.

3 When applicable, consultation processes have been implemented. External consultants are involved as required. No ongoing review.

2 Procedures in place for reporting, usually assigned to E&S staff. Primarily reactive.

1 Some basic communications with affected communities, mostly limited to meetings.

0 No reporting.

Monitoring and Review

5 Robust system of continual learning and improvement. Senior management receives periodic reports about E&S performance and progress toward E&S objectives and targets. All key project decisions consider E&S.

4 Monitoring, supervising and auditing activities are integrated and included in management review. Includes consultation with workers, customers and suppliers. E&S objectives and targets are included in job descriptions and performance reviews.

3 Routine review of monitoring and supervision activities, including participation of workers. Corrective actions routinely implemented. An E&S internal audit plan is in place.

2 Key E&S monitoring plans in place, with inspection and supervision activities. Primarily reactive and guided by external experts, customers and investors.

1 Few monitoring plans to satisfy regulatory requirements. No formal review activities. No systems awareness or repeatable processes

0 No monitoring of E&S performance.

We've talked about the relationship between your ESMS and the Plan-Do-Check-Act cycle of continual improvement. Monitoring and review are critical, because this is how you check and adjust the system.

So far, you've formed or assigned a team to lead the effort. You have developed your ESMS and started to implement your action plans in response to the risks and impacts you identified. You've started to train people. The next step is to monitor the effectiveness of your ESMS and your action plans and make the necessary adjustments.
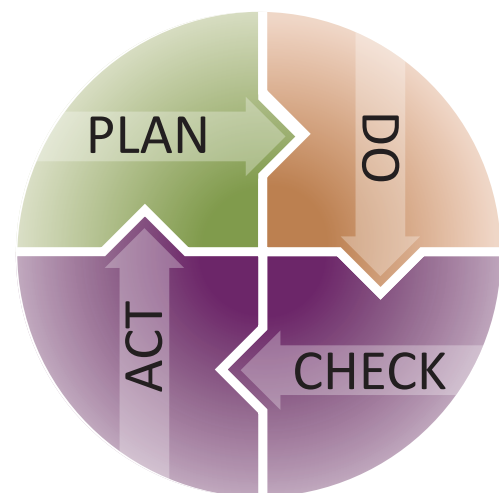
Monitoring is the **CHECK** step of the PDCA cycle

Review is the **ACT** step of the PDCA cycle
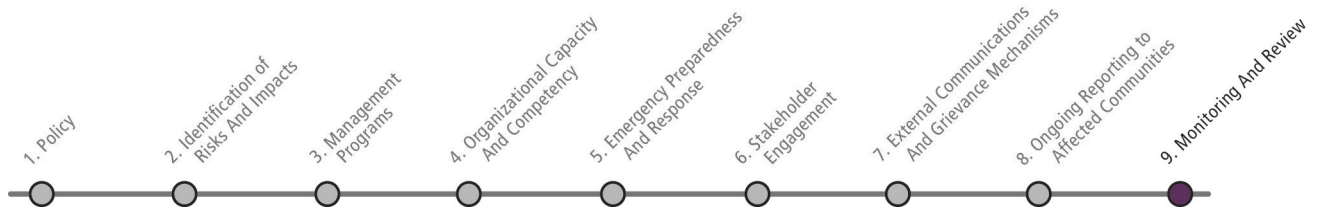
TIP

Monitoring measures intent, implementation and effectiveness

Intent:

1. Are the nine elements of the ESMS in place?

Implementation:

2. Are the action plans being carried out?

3. Are procedures being followed?

Effectiveness:

4. Are you in compliance with laws and regulations?

5. Are you making progress toward your overall objectives and targets?

6. How is the environmental and social performance of the company in general?

INDICATORS

A key aspect of monitoring is defining relevant indicators. These are quantitative or qualitative measures of progress against set goals. Some indicators might focus on **performance**, evaluated against the criteria defined in your environmental and social policy.

Some examples of key performance indicators could be:

- energy consumption;
- volume of solid waste disposal;
- water consumption;
- liquid effluents discharge;
- emissions to air;
- accidents (injuries, ill-health, property damage), incidents and near misses;
- lost time injury frequency, incidence, and severity rates
- emergency response incidents;
- average working hours and wages paid;
- wages levels;
- incidences of child labor;
- incidences of disciplinary and discrimination complaints; and
- employee demographics matching access to training, jobs, and wages.

Measuring and Improving

Remember, you can't improve what you don't measure.

You can also use this information when reporting to a wider public on your ESMS performance. When selecting your key performance indicators, you may refer to voluntary guidelines such as the Textiles, Apparel, Footwear and Luxury Goods Supplement of the Global Reporting Initiative, which provides a list of indicators relevant to the textiles and apparel industry.

Other indicators can look at the **processes or inputs** that you use to try to achieve performance.

For example, in your action plan, you might have included worker training as a necessary step to raise awareness among workers about OHS, so that they can help to identify and address key risks and hazards. In this case, you might evaluate your progress against the action plan by tracking the percentage of workers who have been trained, or the percentage of workers who can correctly describe the risk analysis procedure.

Some examples of process indicators include:

- procedures in place for chemical, fuel and hazardous waste handling, storage, and disposal;
- processes analyzing for water and energy conservation;
- percentage of workers who can explain the grievance mechanism;
- percentage of workers who can explain the health and safety procedures;
- percentage of workers trained on labor standards requirements; and
- communications from stakeholders.

It is helpful to have a mix of performance and process indicators, to get a deeper understanding of whether you are measuring the appropriate things and whether you are taking the appropriate actions. For example, a performance indicator such as "zero incidences of child labor" does not tell the full story: Was this the result of effective procedures and training or was the system inadequate in identifying and recording incidences?

For environmental and OHS performance indicators and benchmarks relevant to your industry, consult the *WBG EHS Guidelines* at www.ifc.org/sustainability

Look at the **Monitoring Plans** in the Toolkit and Case Studies for more examples of key indicators common in the Textiles and Apparel industry.

THE BASICS OF MONITORING

Visual observation
physical walk-throughs of your facility and surrounding land. Examples of what you might observe: physical obstructions and blocked exits, fire detection, alarm and fighting equipment, use of PPE, warning signs, storage of hazardous materials, housekeeping, production processes, drinking water and sanitation facilities, information displayed on notice boards (e.g. policies and regulations, salary scales, wages), worker and manager body language and interactions.

Interviews
consultations with workers, managers and external stakeholders. Examples of topics you might discuss: Do workers and managers understand the policies and procedures? How are they impacted? Are there ideas for improvement? Do workers feel comfortable filing complaints? How are external stakeholders impacted by the company? Are there ideas for improvement? Do external stakeholders feel comfortable filing complaints?

Measuring and testing
checking using equipment that is properly calibrated. Examples of what you might check: water and energy consumption, emissions to air, effluents, noise decibel levels, dust levels, ambient temperature, light levels.

Document review
looking through documents and records. Examples of what you might review: water and energy bills, waste disposal records, chemical use and discharges records, packaging material invoices, inspection records, OHS records, complaints logs, wage slips, time cards, policies and procedures, training records.

Look at the Toolkit item **Auditing Guidance** for guidelines on how to conduct an audit.

Monitoring and **auditing** are words that are often used interchangeably, which can be confusing. Auditing is a formal, on-site evaluation against a specific set of criteria. Audits can be conducted internally by your own staff or by outside parties. Monitoring is an umbrella term that includes various methods for evaluating performance. These may include: visual observation, measuring and testing, questionnaires, surveys, interviews with employees and external stakeholders, and document review. It is important to design your monitoring program to obtain qualitative and quantitative information. It is also important that workers and managers are monitoring the workplace on an on going basis.

MEASURING AND IMPROVING YOUR ESMS

While your Action Plan monitoring looks at whether corrective actions are being implemented and are achieving the intended results, your ESMS monitoring is looking at the maturity of your system development and implementation. The Action Plan lists new actions you are taking to address risks. But for the new actions to be sustainable, you also need to improve your ESMS. The two need to be linked.

This Handbook's companion publication ESMS Self-Assessment and Improvement Guide provides you with a practical tool to monitor the maturity of your ESMS. For each of the nine ESMS elements, we provide self-assessment questions that show you the level of your ESMS development and implementation on a scale of 0 to 5 (5 is the highest).   Conducting the ESMS self-assessment is an important first step that enables you to see where you stand now. The results form the basis of your ESMS Improvement Plan. The ESMS self-assessment responses should be based on Visual Observation, Measuring or Testing, Document Review and Interviewing People.

Let's take another look at the nine elements of the ESMS and maturity ratings.

Purpose of Action Plan and ESMS Improvement Plan

Action Plan: specific actions to correct environmental, labor and community problems and remediate negative impacts

ESMS Improvement Plan: steps targeted to continually improve the management system to support activities in the Action Plan

	Policy	Identification of Risks and Impacts	Management Programs	Organizational Capacity and Competency	Emergency Preparedness and Response	Stakeholder Engagement	External Communications and Grievance Mechanisms	Ongoing Reporting to Affected Communities	Monitoring and Review
5	Mature system implemented internally and with key supply chain partners – continual improvement embedded in operations								
4	Systems well-developed and implemented internally – routine improvement projects								
3	Systems approach adopted, but development and implementation is inconsistent - improvement sporadic								
2	Limited system development with sporadic implementation – primarily reactive								
1	Little systems awareness or repeatable processes								
0	No systems awareness or repeatable processes								

LINKING YOUR ACTION PLAN AND ESMS IMPROVEMENT PLAN

It is important to understand the link between the Action Plan and the ESMS Improvement Plan. The Action Plan lists specific projects and activities. The ESMS Improvement Plan is about making system improvements needed to support the activities and to make the necessary changes in how the company operates.

Improving environmental and social performance and integrating it into your routine business operations takes time. The improvement plan for your ESMS needs to be practical. It needs to be designed with the understanding that people have their core operating responsibilities in your company. You cannot improve everything at once. The ESMS Team plays the critical role of leading the improvement effort. Prioritizing what to work on first is an important job for the team in coordination with senior management. The ESMS Self-Assessment and Improvement Guide will help you to get started.

CONDUCTING AN EFFECTIVE MANAGEMENT REVIEW

The purpose of the management review is to routinely involve senior management in evaluating the development and implementation of the ESMS. The management review is led by the ESMS Team. In the beginning, we recommend conducting a management review every three to six months. Once the ESMS is well-established, once a year is usually fine. It is important to keep a written record (called minutes) during the meeting of the key topics discussed and the decisions made. The minutes should be kept in a central log.

For the ESMS Team, the management review is an important opportunity to keep senior management involved. Remember, the sustainability of the program requires ongoing commitment from senior management.

Typical Agenda for a Management Review:

- Review progress on Action Plan

- Review progress on ESMS Improvement Plan

- Review compliance with environmental and labor laws and regulations

- Review progress on environmental and social performance

- Discuss possible adjustments in risk assessment

- Prioritize activities for next three, six and 12 months

- Review and approve needed resources by senior management

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