What EHS Leaders Say about the Sustainability Imperative

enhesa. + **Savanta:**

Enhesa and *Savanta* recently completed a research study of companies' *core challenges related to sustainability and approaches to addressing them.* Learn the top takeaways – and pitfalls to avoid – from EHS leaders across industries.

WHAT was involved in the study? Analysis from:

20
In-depth interviews

2
Quantative surveys

900+
Senior leaders participating

WHO is impacted by sustainability requirements?

The study interviewed senior leaders in manufacturing to reveal what sustainability goals drive them:

> *There are reputational risks on any non-compliance ... For us, even though we operate in a lot of countries, we adhere to some fairly strict standards."*
> Executive Vice President and Chief Human Resources Officer

> *Customers demand those types of innovations, and we're responding to those changes and those needs."*
> Vice President of Global Human Resources and Operational Excellence

> *We had to pivot and place more emphasis on sustainability because we saw how important it was for our customers."*
> Vice President of Environment, Health and Safety

WHEN did sustainability requirements evolve?

First mentioned in the 1970s, and gaining traction following the Bruntland Report in 1987, the concept of sustainability has emerged to be one of the most prevalent concerns for businesses and consumers worldwide. Here's a snapshot of its evolution – and its evolving requirements:

1997
The Global Reporting Initiative (GRI) reporting framework was launched to provide sustainability reporting guidelines for companies' social, environmental and economic impacts.

2001
The International Financial Reporting Standards' (IFRS), created in 2001, convened the International Sustainability Standards Board (ISSB) in 2021 to develop an international sustainability framework.

2020-2024
The EU's Corporate Sustainability Reporting Directive (CSRD) and associated European Sustainability Reporting Standards (ESRS). CSRD passed in November 2022 and went into effect in January 2023. It specifies a July 2024 deadline for member states' adoption.

2024
The US Securities and Exchange Commission's (SEC) climate disclosure requirements were released early in 2024 and are currently under review in the US Judicial system.

HOW should EHS leaders address sustainability requirements?

Learn your compliance gaps — 1

EHS leaders advise that, when organizations are already meeting requirements for EHS compliance, much of the data required for sustainability reporting is already being collected.

2 — **Expand your remit if necessary**

Increasingly, EHS leaders are being pushed to expand beyond their primary field of expertise. Draw on specialist support throughout your organization and externally.

Gain executive sponsorship — 3

Senior-level buy-in is essential to sustainability programs, which often require top-down cultural changes. Leadership can help align regulatory owners with subject matter experts, set clear objectives, and embed sustainability into corporate culture.

Executive leadership is the most accountable stakeholder in the success of the ESG program... corporate culture is the main driver of an effective sustainability program."

"We'll get notified that there's going to be changes coming, and that's going to impact our products and the way we do business."

- VP of GHR & OE

4 — **Foresight is fundamental**

With regulations changing so frequently, leaders advise being programmatic and strategic about what's next: like a system to monitor changes as they launch and even before they become law.

Sustainability is strategic — 5

Customer focus on sustainability is growing - which makes it not just a competitive advantage, but a competitive necessity; especially when, without programs and metrics in place, businesses could risk losing their position in the supply chain.

Sustainability must be at the heart of any business that still hopes to operate in decades to come."

So, HOW do you avoid the pitfalls?

Internal resources, external consultants, and in-house and/or outside legal teams all trying to monitor for regulatory changes will be time-consuming, costly, and lack coordination.

The shift in recent years has been from aspirational, marketing-driven reports to investor-led reporting that can withstand scrutiny from stakeholders, regulators, and independent assurance bodies.

With many systems comes greater cost overhead and inconsistent tools to learn and datasets to manage. All of this results in unwanted process complexity.

Everyone will have a different way of interpreting findings and transforming requirements into next steps.

- Lack of consistency
- Need for greater transparency
- Proliferation of processes and system
- Too many cooks in the kitchen

Common pitfalls

Find the right tools

enhesa.

A global, standardized taxonomy – driven by expertise and delivered as plain-language requirements that anyone at the company can access, can help to streamline critical foreknowledge, interpretation, and delivery of regulatory requirements.

In addition to saving time and resources, the right tools build resilience. They help teams:

- Keep up with new regulations efficiently
- Get more proactive and strategic
- Enable a more agile response as regulations change.

2/3
of companies surveyed agree that a compliance tracking tool is advantageous

[Enhesa] is a tool that we use to help track what the regulations are and what we need to anticipate if something is on the horizon." - VP of EHS

To learn more, read the full report