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Briefing 2007:
Global Trends in Workplace Safety and Health

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Introduction

This third annual ASSE PDC global safety and health briefing is intended to provide a high level overview of current issues, trends or challenges which may impact multinational companies' management of workplace safety and health around the globe. This paper also provides resources to assist in finding solutions to these challenges.

As the time of this writing, some of the key issues, trends and challenges include:

1. Chemical Substance Management: EU and Asia are Leading the Way
2. Corporate Governance, Executive Leadership and Workplace Health and Safety.
3. Pandemic Preparedness
4. China: Hazardous Substances Management
5. India: Challenges and Opportunities
6. "Safety in the Global Village" – A Business Resource
7. OHSAS 18001 & ISO OHSMS

I. Chemical Substance Management: EU and Asia are leading the way

The European Union

The European Union (EU) continues to extend their global lead enacting far reaching and standards setting environmental health and safety legislation. This is currently seen in the Chemicals Management arena with the *Registration, Evaluation and Authorisation of Chemicals (REACH*), *Restriction of Hazardous Substances (RoHS)* and *Waste Electronic and Electrical Equipment* (WEEE) regulations. RoHS and WEEE regulations are based on the restriction or elimination of hazardous substances used in products, components, etc. within the EU.

While the purpose of this briefing does not allow a detailed analysis of REACH, it is important to point out that regulations are having a significant impact upon and offering many challenges to a wide variety of industry sectors throughout the world. Chemical and non chemical manufacturers and importers are challenged to interpret these regulations and determine whether they apply to their products manufactured or imported into the EU.

The management of chemicals in the EU will be overseen by a newly constituted, Helsinki based European Chemicals Agency. The initial requirements under the REACH regulation call for registration, evaluation and authorization of all chemical substances in "articles," alone or in preparations. This is based on tonnage of the chemical substance used per annum and its hazardous classification as outlined in the regulations. It is the term "articles" that is providing the concern to many multinationals. According to the REACH regulation, an article is "an object which during manufacture is given a special shape, surface or design which determines its function to a greater degree that does its chemical composition." Examples include toys, vehicles, furniture and clothes. According to the regulation, a manufacturer or importer of an "article" must register substances within the "article" if the substance:

a) is intended to be released during use (normal reasonable foreseeable condition) and
b) use exceeds one ton per annum per manufacturer or importer.

Initially, there will be a pre-registration period from June to December 2008. During this phase, there will be an overlap in registering chemical substances by manufacturers and importers of such substances and articles. Once the pre-registration phase is completed, a more rigorous and data driven registration procedure will commence over an 11 year period. (Europa: Environment 2006 and Wyness 2007) During this phase, duplicate registrations will be identified and manufacturers and importers registering the same substance will be notified to assure the principle of one substance, one registration (OSOR) within the regulation. The OSOR principle will encourage the business community to sharing non proprietary data to streamline the registration process. (Wyness 2007)

From a global business perspective, there is concern throughout the business community with:

a) identifying articles as classified in the regulations.
b) the volume and work required to register substances and articles as classified in the regulations.
c) strict the European Chemicals Agency's interpretation of the regulations will be in authorizing Substances of Very High Concern (SVHC) for use in the EU.
d) how restrictive and inconsistent the REACH regulations may become.

To assist the business community with the implementation of REACH, the European Union has published REACH Implementation Projects (RIPs) or guidance documents which provide resources to government and industry on information relative to substances in articles. These RIPs cover the main requirements of REACH and are found online from the European Chemicals Bureau. For example RIP 3.8 is Guidance *of Substances in Articles.* (European Chemicals Bureau 2006)

Asia: China, Japan and Korea

Japan, China and Korea either have or are in the process of implementing RoHS type legislation for the restriction of specific substances and minimum concentration of those substances in identified products. In China, where the regulations are in effect from 1 March 2007, the product scope includes electronic Information products such as electronic communication, electronic components and parts, home electronic, radio, computer, electronic instrument measuring products and software and consumables. (Ling 2006)

Japan's RoHS type regulation and the draft regulation for Korea have a similar product scope which is different from that of the EU and Chinese RoHS regulations. Therefore, harmonization - rather lack of harmonization - of these regulations is what is on the minds of the Electronics manufacturers, suppliers and importers around the world. (Ling 2006)

In a presentation to the 6th Conference on Standards and Conformance, David Ling, Regulatory Policy and Strategy Manager Worldwide Technical Regulations for HP reported there are RoHS like regulations in place or in the legislative process in the EU, China, Japan, Korea, California, Minnesota, Australia, Taiwan and Argentina. Representing HP from a manufacturer's perspective, Ling advocated the Asia-Pacific Economic Cooperation Subcommittee on Standards and Conformity work for standardization and harmonization of RoHS like legislation initially in Asia and the EU with further emphasis in key areas around the world. T. (Ling 2006)

The EU-China Trade project commissioned a report on a comparison between EU RoHS directive and the China RoHS regulations. Some key findings include: (Barker and Weibing 2006)

- The aim of the legislation is similar but the requirements and processes differ.
- With the Chinese regulations, there are no exemptions as of yet. There is the caveat that this could change in the future
- Labels, marks, and disclosure are required for both regulations
- The concept of "Put on the market" is different
- The penalties are different
- Legal responsibilities are different
- Material testing "down to the homogeneous materials in every single part you use to build your product" may be required in China.
- Designing labels and issuing change orders will be needed in order to comply with the Chinese regulations

For more information the full report can be found at: <http://www.rohs-international.com/files/RoHS_Comparative_Study_Final_Report_EN.pdf>

II. Corporate governance, executive leadership and workplace health and safety

<u>BP's Texas City incident outcomes, corporate governance, sustainability reporting and workplace health and safety</u>

Executive leadership of multinational companies appear; in recent months, to be more aware of the business risk associated with workplace health and safety management. The recent BP Texas City incident and early departure of Lord Browne as BP's CEO is a signal that significant safety risks, not managed, can have personal as well as corporate financial consequences for management including CEO's. Former US Secretary of State James Baker reported that "BP appears to have had a corporate blind spot relating to process safety." The report further concluded that "…executive management…was not adequately measuring, tracking and managing process safety performance." (Guardian 2007) Reputation risk in addition to financial and regulatory risk is clearly now a feature of health and safety management.

Government and industry led corporate governance legislation and best practice continues to be a focus in the board room. For example, companies continue to monitor the business implications of:

- the US-Sarbanes Oxley Act 2002 (US Senate and House of Representatives 2002),
- the UK-*Internal Control: Guidance for Directors on the Combined Code for Corporate Governance* (Institute of Chartered Accountants, 1999),
- the Australian Stock Exchange Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations* (Australian Securities Exchange Corporate Governance Council 2003),
- other new and emerging trends on corporate governance in Asia and
- draft documents on progress from the ISO Working Group on IOSH 26000 Social Responsibility (American National Standards Institute (ANSI) 2007).

There is an increasing number of multinational s publishing Sustainability or Corporate Social Responsibility annual reports. Over the past year, the following companies have provided a full or updated Sustainability or Corporate Social Responsibility annual reports for their stakeholders.

- HP
- BP
- Nike
- Adidas Group
- Vodafone Plc.
- Johnson & Johnson
- L'Oreal
- Volkswagen-Germany
- United Technologies Corporation
- Novartis AG

The United Nations Compact is voluntary and continues to gain ground with many global companies signing the charter to adhere to the basic premise outlined in the Compact on Environment and socials issues within their organizations. The ISO 26000 Working group on Social Responsibility has signed a memorandum of understanding with the UN Compact for cooperation for establishing networks and links for education and work. This means a closer tie for multinational companies, the UN and a future ISO 26000 standard. (ANSI 2007)

<u>ISO 26000 Working Group on Social Responsibility (WG SR)</u>
According to a 13 February 2007 ISO press release, the 4th plenary session (January/February 2007) of the ISO 26000 Working Group on Social Responsibility held in Sydney, Australia attracted 275 people from 54 ISO member countries and 28 international organizations. The attendees represented industry; government; labor; consumers; nongovernmental organizations; and service, support, research and others. (ANSI 2007)

- Environment
- Human rights and Labour practices
- Organizational governance and fair operating practices, and
- Consumer Issues and community involvement/society development

III. Pandemic Preparedness

As of this writing, Pandemic Preparedness planning within many companies and government agencies continues to take time for planning, testing and implementation, depending upon local impact, the extent of operations, and degree of dependence upon third parties. As was reported in the 2006 ASSE PDC Global Safety and Health Briefing, "a major issue for Asia Pacific and European governments and business is the potential for a highly pathogenic avian influenza (HPAI) pandemic." (Seabrook 2006) This has caused multinational companies to expand their preparedness planning to include influenza in addition to more "traditional" Business Continuity Planning issues that would impact their business operations.

The ability of an A/H5N1 HPAI infection to cross over from direct bird to human contact to human to human contact has not materialized to date. Within the last six months, the virus has also spread across Europe. It was detected in a poultry plant in the UK resulting in the extermination of potentially infected birds and causing some countries to temporarily ban UK poultry products. (The European Center for Disease Prevention and Control 2007)

If your company has not begun a Pandemic Preparedness planning process, the US Center for Disease Control (CDC) has published a good checklist to get you started.

Business Pandemic Influenza Planning website from the Center for Disease Control: <http://www.pandemicflu.gov/plan/pdf/businesschecklist.pdf > (Center for Disease Control 2006)

US OSHA has also published a document entitled: Guidance on Preparing Workplaces for an Influenza Pandemic. It can be accessed on line at: <http://www.osha.gov/pls/oshaweb/owadisp.show_document?p_table=NEWS_RELEASES&p_id=13698> (Department of Labor 2007)

IV. China

China is a rapidly expanding country where multinationals seek both a manufacturing base and a foothold in the domestic market. Manufacturing is now expanding into the interior regions of China creating internal distribution networks using both low cost labor and a skilled workforce. (Financial Times 2007) This, in turn, is further expanding the domestic consumer market as well.

According to London's Financial Times, retailers and consumer goods companies are increasingly moving their sorting, labeling and packaging logistics to China, eliminating the need for distribution centers in developed markets. "This innovation is changing the world logistics market." (Financial times 2007) Direct shipping to customers, instead of traditional shipping to a distribution center within a developed market, means product is sorted, labeled, packaged and forwarded directly onto the customer. a process known as "distribution centre bypass." (Financial times 2007)

With respect to workplace safety and health, these new operations mean more vendor/supplier management as well as new safety and health risk issues related to the new technologies and

processes required for these new logistics operations. There is, of course, the continued issue of sourcing safety and Health resources in China.

As outlined in the Asia Chemical Substances Management section above, China is taking its cue from the EU's *Restriction of Hazardous Substances Directive* (RoHS) 2002/95/EC. Again, the premise of RoHS is to restrict of the use of various hazardous materials in the manufacture of designated types of electronic and electrical equipment, reducing hazardous waste implications at the end of the equipment's useful life. China has adopted RoHS type regulations, causing concern among multinationals as to how restrictive these regulations will become and what inconsistencies there will be with the current EU regulations now in place. Japan and Korea are also developing their own RoHS regulations.

There is a gap emerging in regulations being developed and implemented in various countries around the world. The Euro-China Trade Project, an entity providing support to China on trade integration, sponsored a comparative analysis on the European Union RoHS Directive and Chinese RoHS regulations. (Barker and Weibing 2006) The British Standards Institution and China Electronic Standardization Institute jointly produced the report analyzing RoHS related requirements in the EU and China and concluded there is a lack of harmonization and a gap in implementation between the RoHS regulations in these two regions. (Barker and Weibing 2006) See "Resources" at the end of this paper for more details.

Multinational companies seeking to monitor Chinese and US standards activities can access StandardsPortal.org. Their URL is <http://www.standardsportal.org/prc_en/default.aspx>. The website, operated by the American National Standards Institute, was designed to provide standards and trade related resources for companies doing business in the US or China. Chinese information can be accessed at: (ANSI 2006)

V. India

India, as with China, continues to be one of the fastest growing economies in the world. With a democratic system of government, relatively low labor costs and an educated workforce, multinational organizations from around the world benefit from doing business in India. However, India is experiencing some growing pains. Over the past year, the trend of US customer service/ technical service operations migrating to India has slowed down. This is being driven by the customer, who is frustrated with the language, cultural and communications barriers experienced when dealing with technical or customer services issues. Other factors include rising costs and high employee turnover. This is demonstrated by Dell Computers, whose website lists as a "feature" of the Dell Notebook computers: "North American based technical support." (Dell 2007)

Yet operations for multinationals continue to flourish in India due to the low labor costs and an educated and skilled India workforce.

On the safety and health side, there legislation already is in place in India but enforcement continues to be inconsistent. Nevertheless, global companies continue to implement global safety and health management systems with global corporate standards in India as in their operations around the world.

VI. Safety in the Global Village – A Business Resource

The UK's Institution of Occupational Safety and Health - International Specialist Group has published an online guide for business entitled: *Safety in the Global Village: Keeping your staff health and safe abroad.* It is a two part resource providing business with a sample action plan and checklists to assist in assess their travel risks for employees working internationally. The second part of this document is of a more personal nature, entitled: *Your guide to safety international travel*. It is aimed at the traveling employee; providing pre, during and post travel checklists and advice for safe and healthy international travel.

This is also an excellent resource to assess a company's employee travel risks. The action plan and checklists can also be used in conjunction with the EU requirements for risk assessments for individual travelers. The documents are found on the IOOSH website at: <http://www.iosh.co.uk/files/technical/Safety%20in%20the%20global%20village.pdf>

VII. OHSAS 18001

At the time of this writing, the public comment period for the second draft revision of the Occupational Health and Safety Assessment Series (OHSAS) 18001 Occupational Health and Safety Management Systems had closed (2 March 2007).

The comments on the second draft revision are being assembled by the British Standards Institute (originator of the OHSAS 18001 and the revision Project Team), and a meeting to discuss and address public comments is to be held in Shanghai, China March 26 to 29, 2007. The target date for publication is mid 2007. (British Standards Institute (BSI) 2007)

According to the British Standards Americas Email Update Service, the following changes are anticipated with the 2nd edition of OHSAS 18001. (BSI 2007) It is important to note that these changes are not final until the "standard" is published.

1. OHSAS 18001 being referred to as a standard, not a specification or document.
2. Only international documents (e.g. International Labour Organization Occupational Health and Safety Management System (2001) and ISO 14001:2004.) are provided as reference documents.
3. There are some new and revised definitions. For example, a "tolerable risk" is now referred to an "acceptable risk." An "accident" is not termed an "incident."
4. One of the goals in revising 18001 was alignment with ISO 14001:2004. This has been accomplished throughout the standard. One example is with the merger of clauses 4.3.3 Objectives and 4.3.4 OH&S management program(s) as seen in ISO 14001:2004.
5. Consideration of the hierarchy of controls as part of OH&S planning now exists.
6. "Evaluation of Compliance" is a new clause introduced.
7. There are also new requirements for worker participation and for the investigation of incidents

As of this writing, ISO has not established a working group on an Occupational Health and Safety Management System. ISO and the International Labor Office (ILO) continue to discuss the

feasibility and need for an international standard in additional to *ILO – OSH 2001 Guidelines on Occupational Safety and Health Management Systems.*

The trend for information sharing and cooperation between workplace health and safety organizations about research, harmonization, business collaboration and regulatory approach continues. The US, EU, UK, Australia, China, Japan, Korea, Finland and Canada continue to use information technology to share their occupational safety and health strategies with developed and developing countries around the world. The Resources section of this paper provides a wealth of internet information sources for the many topics outlined in this paper. The British Institution of Occupational Health and Safety's (IOSH) and the American Society of Safety Engineers' International Practice Specialty are portals which link to international and country specific workplace safety and health internet resources throughout the world.

Conclusion

As always there continues to be much activity relating to workplace health and safety at the international level. Chemical substance regulations, chemical substance management and the expanding EU and Asia chemical substance regulations are at the top of list of challenges for multinationals at the moment. Following this, new and evolving regulations on an array of safety and health related topics (particularly in the EU and certain Asian countries), corporate governance and pandemic preparedness round out the remainder of the list of top challenges.

As of this writing, corporate governance, sustainability and stakeholder influences continue to drive global safety and health management at the senior leadership level in multinational organizations alongside the evolving regulatory environment around the world. The best strategy for safety and health professionals seeking to lead the way in global safety and health management is to create your own global network of reliable internal and external safety and health resources to keep abreast of issues, trends and challenges. This global network comprises trade industry groups, professional associations such as the American Society of Safety Engineers, International Practice Specialty and the British Institution of Occupational Safety and Health International Specialist Group, and outside paid resources such as the Enhsea regulatory update service. <www.enhesa.com>. With knowledge gained through this network, the safety and health professional's role is to inform, influence and instruct key constituents within their organization as to the implications of these new, emerging and ongoing global safety and health issues and challenges on their company.

Resources

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