Sustainability Management Systems (SMS)

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A Systems Approach to SMS

- The **effectiveness** of a system is based on its fulfillment of its **purpose**.

- A management system provides a **framework** for “effectiveness”.

- Sustainability of a framework is in the **value** it creates for the stakeholders.

- The value SMS is the **risk reduces and value it generates**.
SMS an Evolving Process

Business Effectiveness and Value-Added

Reactice

Compliant

Proactive

Advantage

Sustainable

Manage for sustainability, consistent with triple bottom line

Manage issues for business advantage

Manage issues and risks that are not yet regulated to reduce future risks

Comply with laws and regulations; recognition of basic corporate responsibility

Resist compliance until forced; fight fires when they flare up

Time
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**SMS– Engagement Maturity Model**

<table>
<thead>
<tr>
<th>Management Engagement Level</th>
<th>Organizational Maturity Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reactive</td>
<td>Potential</td>
</tr>
<tr>
<td>Adaptive</td>
<td>Habitual</td>
</tr>
<tr>
<td>Embracive</td>
<td>Active</td>
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</tbody>
</table>

### Reactive
- **Program Implementation**
  - Process Management
  - Corporate Training

### Habitual
- **Program Development**
  - Policy/Standards Development
  - Data Management

### Potential
- **Compliance Assurance**
  - Regulatory Compliance
  - Regulatory Training

### Adaptive
- **Program Integration**
  - Integrated Risk Management
  - Stakeholder Collaborations

### Embracive
- **Business Innovation**
  - Innovative Offerings
  - Inter-operability

### Program Standardization
- Metrics/Goal Setting
- Reporting Schemes

### Performance Measurement
- Auditing & Assessments
- Information Systems

### Program Development
- Policy/Standards Development
- Data Management

### Business Value
- Organizational Development
- Change Management

### Business Transformation
- Transformational Learning

### Compliance Assurance
- Regulatory Compliance
- Regulatory Training

### Business Innovation
- Innovative Offerings
- Inter-operability
Why Do You Need and SMS?

Good Systems

1. PLAN
2. DO
3. CHECK
4. ACT

Good results

Become the supplier, employer, neighbor and investment of choice!!

Reduce Costs
Avoid Risks
Create Opportunities

• Reduces dependence on people
• Creates focus on key issues
• Finds and corrects problems
• Drives continuous improvement
• Ensures consistency

• Builds culture over time
• Ensures common minimums everywhere
• Demonstrates company diligence
• Ensures we meet our commitments
SMS Implementation – Core Concepts

1. Alignment
   - With business strategy
   - Among elements of the management system

2. Integration
   - Across/within value chain processes
   - With individual functions and departments
SMS as Purpose Enablers

1. Philosophy
   - Mission/Vision
   - Goals/Objectives

2. Process
   - Policies/Standards
   - Programs/Processes

3. Engagement
   - Training/Auditing
   - Performance Measurement

4. Behavior Modification
   - Risk Reduction

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