Managing Workplace Safety in Global Supply Chains

ISO 45001 is setting the stage for improved oversight of workplace safety around the world

Abstract
Taking advantage of the opportunities in today’s global marketplace also means implementing effective tools to manage and monitor workplace health and safety issues among supply chain partners, regardless of their location. When published in 2016, ISO 45001 will be the first internationally-accepted standard to provide a comprehensive framework for management systems addressing occupational health and safety issues. As such, it represents a significant step in the overall effort to improve occupational health and safety standards worldwide and to reduce worker deaths and injuries attributable to unsafe working conditions.
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Introduction

The dramatic growth of global supply chains provides consumers around the world with access to an unprecedented array of quality goods at affordable prices. It has also served to spread business development to many previously underserved economies, providing millions of people with new and better paying work opportunities. However, in an effort to meet the requirements of international brand conglomerates, some supply chain participants resort to the use of factories and other production environments where workers are routinely subjected to substandard and even unsafe working conditions. Unfortunately, these conditions all too often result in tragic consequences for the workers involved.

Over the past fifty years, government regulators, non-government organizations (NGOs), standards bodies and private industry have developed various approaches to addressing occupational safety and health issues. These approaches have resulted in a patchwork of workplace safety regulations and codes, voluntary consensus standards and certification schemes. While each of these approaches has helped to improve overall workplace safety conditions, they often differ from each other in important aspects. For those managing global supply chains, these differences significantly complicate the job of improving workplace safety and monitoring supply chain compliance.

The global impact of unsafe workplaces

It is difficult to dismiss the significant impact of unsafe workplace conditions. According to the International Labour Organization (ILO), an estimated 2.3 million people die each year from workplace-related accidents and diseases, and more than 160 million people experience an occupational or work-related disease. In addition, workers experience more than 313 million non-fatal accidents each and every year. Translating the ILO data into more tangible terms, every 15 seconds a worker dies from a workplace-related accident or disease, and 153 people experience a work-related accident. ¹

The impact of unsafe working conditions extends beyond worker deaths and injuries to include economic consequences for workers, their employers and the economy as a whole. For workers, the economic impact can include lost wages as well as medical and rehabilitation costs. Companies can experience reduced production output and incur recruiting and training costs associated with replacing affected workers, as well as potential legal costs and increased insurance premiums. And, for the local economy, worker deaths and injuries mean a loss of human capital and the attendant economic contribution to the community.

In total, the ILO calculates the direct and indirect cost of occupational accidents and illnesses worldwide at an estimated $2.8 trillion (USD) annually. This amount is equal to about 4 percent of the world’s annual gross domestic product (GDP). ²
Modern efforts to protect the health and safety of workers in industrialized countries began in the 1960s and 1970s with the passage of national workplace safety laws in Canada, the U.S. and the United Kingdom. Canada’s Centre for Occupational Health and Safety was created in 1966 by an Act of the Canadian Parliament to develop regulations to reduce the risk of workplace injuries and illnesses. In the U.S., the Occupational Safety and Health Act was signed into law in December 1970, and led to the formation of the U.S. Occupational Safety and Health Administration (OHSAS) which today regulates safety practices in federally-regulated workplaces in the U.S. Similarly, the UK’s Health and Safety at Work etc. Act 1974 provides a legal framework for workplace health and safety laws in that country.

Over the ensuing years, occupational health and safety regulations have been enacted in most of the world’s major economies, including the European Union (EU), China, Japan, India, Australia and Brazil. These regulations have helped to create baseline requirements for workplace safety, and the potential for regulatory enforcement actions, including fines and imprisonment, create an imperative for many employers to comply with their requirements. At the same time, government authorities responsible for regulatory oversight and compliance inspections have often been hampered by reduced budgets and staffing, reducing the likelihood of workplace inspections and increasing the incidence of noncompliance.

In an effort to fill this void while providing a more comprehensive approach to occupational safety and health in the workplace, a number of voluntary standards have emerged based on management systems principles. Currently, the most widely-accepted management system standard for occupational health and safety is OHSAS 18001. OHSAS 18001 was developed in the 1990s by the Occupational Health and Safety Advisory Services (OHSAS) Project Group, a collaboration of national standards and accreditation bodies. It follows the “plan-do-check-act” framework embodied in original versions of other management systems standards developed by the International Organization for Standardization (ISO), such as ISO 9001 (quality management) and ISO 14001 (environmental management). OHSAS 18001 has been adopted by employers and organizations around the world, and more than 50,000 OHSAS 18001 certifications have been issued to date.

In addition to OHSAS 18001, other occupational health and safety management systems standards and guidelines have also been published. These include the ILO’s 2001 document “Guidelines on occupational safety and health management systems” (also referred to as ILO OSH 2001), as well as Standards Australia AS/NZS 4801, Occupational Health and Safety Management Systems. In addition, a number of voluntary standards and certification schemes addressing corporate social responsibility incorporate occupational health and safety provisions within their requirements. Social Accountability International’s SA 8000 standard and certification scheme is one just one example of this approach.

While OHSAS 18001 and other voluntary standards have helped to address the gap between regulations and actual practices, there remains no one single internationally-accepted standard addressing occupational health and safety issues. That absence leaves international companies with operations in multiple countries with the complex task of developing occupational health and safety programs that meet local regulations, the expectations of their customers and the unique safety requirements of their operations. The task is even greater for organizations managing global supply chains consisting of multiple independent partners, each with their own approach to occupational health and safety and individual interpretations of what constitutes acceptable health and safety practices in the workplace.
Tragic events trigger calls for action

Four separate workplace tragedies occurring in Pakistan and Bangladesh within a seven month period in 2012-2013 brought worldwide attention to the deadly consequences of substandard and dangerous workplace conditions. In two separate factory fires in Karachi and Lahore, Pakistan in September 2012, more than 300 workers were trapped behind locked doors and barred windows and died of burns and smoke inhalation. Then, in November 2012, more than 100 workers died in a fire in the Tazreen Fashion factory outside of Dhaka, Bangladesh. Finally, in April 2013, a multistory building in Savar, Bangladesh housing numerous garment factories collapsed, resulting in more than 1,100 deaths.

In each case, the workers who died in these tragedies were employed in the production of textiles and garments destined for sale by major global retail brands around the world, highlighting the connection between factories located in distant countries and the extensive supply chains required to meet the needs of today’s global economy. The response to these tragedies also illustrate the limits of regulatory oversight and accountability; according to one report, three-quarters of the 4000 garment factories in Bangladesh have still not been inspected since April 2013 building collapse in Savar, despite a commitment from Bangladesh government authorities to do so.

In the wake of these tragedies, developing a consensus approach to occupational health and safety programs in global supply chains has been a priority for both industry and worker rights activists around the world. However, for such an approach to gain the global scale sufficient to achieve its intended impact, most participants agree on the need for an internationally-accepted, consensus-based standard that would provide a flexible framework applicable to a broad range of occupational health and safety issues, and that would also be recognized and accepted by standards groups, regulators and organizations worldwide.

Accordingly, ISO has embarked on a multi-year process to develop a recognized international standard detailing the requirements of management systems that address occupational health and safety issues. The standards development process, which began in October 2013, is expected to result in the publication of ISO 45001 in late 2016. When finally published, ISO 45001 will become the primary standard for occupational health and safety management systems, supplanting OHSAS 18001 and other national standards addressing health and safety issues in the workplace.
The structure of ISO 45001

ISO 45001 is intended to specify requirements for occupational safety and health management systems. Similar to other ISO management systems standards, ISO 45001 is expected to provide a framework that will enable organizations to design and implement an occupational safety and health management system that addresses their unique processes and requirements. As a result, the standard will not state specific occupational safety and health performance criteria or contain detailed specifications for the design of an occupational safety and health management system.

At the same time, the requirements of ISO 45001 are expected to provide a context for worker safety that extends beyond traditional boundaries. Within the proposed scope of the standard as currently drafted, the “context of the organization” requires an organization to evaluate safety risks throughout its entire supply chain, as well as safety concerns that might affect the communities in which it operates. Appropriately, the ultimate responsibility for safety can no longer be delegated to a safety manager but instead rest with an organization’s senior management. Indeed, under ISO 45001, worker safety becomes an integral part of a company’s overall operation.

While the development process for ISO 45001 is still in its earliest stages, the following table of contents has been proposed as a starting place for discussion by stakeholders:

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8. Operation

8.1 Operation planning and control
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9.1 Monitoring, measurement analysis and evaluation
9.2 Internal audit
9.3 Management review

10. Improvement

10.1 Incident, nonconformity and corrective action
10.2 Continual improvement

Annex A (informative)

The above structure follows the so-called “high-level structure” format detailed in ISO’s Annex SL, which is also being applied in the current revisions of ISO 9001 and ISO 14001. As a result, it is expected that about 30% of the content of ISO 45001 will be identical to that of ISO 9001 and ISO 14001, as well as the content of future revisions of other management systems standards. The eventual use of a common high-level structure in all management system standards is expected to ease efforts by organizations to implement and simultaneously maintain multiple management systems where appropriate.
ISO Project Committee 283 (PC 283) is responsible for the development of the content of the new ISO 45001 standard. The Committee held its initial meeting in London in October 2013, which was attended by 83 delegates from 27 ISO member bodies. At that time, the Committee developed a first Working Draft (WD1) of the new standard, and originally agreed on the following timeline for further development:

- **July 2014**: Release of Committee Draft (ISO/CD 45001)
- **March 2015**: Release of Committee Draft 2 (ISO/CD2 45001)
- **October 2015**: Expected Release of Draft International Standard (ISO/DIS 45001)
- **October 2016**: Expected Publication of Final Standard (ISO 45001)
- **May 2016**: Expected Release of Final Draft International Standard (ISO/FDIS 45001)

However, the complexities of developing a global standard that accounts for existing regulations and that also provides organizations with needed flexibility in its implementation has resulted in a standards development process that has been anything but straightforward. Reviews of working drafts of the standard have produced extensive and often contradictory comments, leading to multiple revisions and further reviews. On 26 March 2015 a second Committee Draft (CD2) was released for comment with a short comment period, in the hopes of not extending the originally scheduled release dates for a Draft International Standard (DIS) and Final Draft International Standard (FDIS). Of course, future progress is subject to change, based on the nature and extent of recommended changes received during upcoming comment periods.

When finally published, ISO 45001 will replace OHSAS 18001 as the leading standard for occupational health and safety management systems. Although transition plans for those currently certified to OHSAS 18001 and other occupational health and safety standards have not yet been formulated, such organizations are likely to experience an easier transition to the new requirements and faster certification than those that are not currently certified.
What ISO 45001 will mean for your organization?

The introduction of ISO 45001 is expected to expand overall interest in the implementation of occupational health and safety management systems as an effective means of reducing workplace injuries and illnesses. The new standard will be of special interest to international organizations and global brands that rely on extended supply chains to source products and materials, since it provides a framework that can be applied to both captive and partner factories and production facilities regardless of their location. ISO 45001 is also likely to be important for independent suppliers, since certified suppliers may have an advantage in buyer procurement considerations.

News of the 2012-2013 tragedies in Pakistan and Bangladesh reached the front pages of U.S. newspapers in less than 24 hours, and up-to-date information about workplace-related deaths and injuries anywhere in the world is now instantly available for anyone with access to the Internet.

Ultimately, organizations that implement an ISO 45001-certified occupational health and safety management system will be better positioned to control risks related to occupational health and safety issues, improve their overall safety performance, and provide solid evidence to buyers and consumers of their commitment to the health and safety of their employees.

How can TÜV SÜD help you?

TÜV SÜD is a global leader in management systems, and has been at the forefront of auditing and certifying occupational health and safety management systems for almost 150 years. Having issued more than 54,000 management systems certifications to date, we have the necessary expertise to assist organizations of every kind and in all industries in meeting their auditing and certification requirements. Our extensive network of experts in the U.S. Canada, Mexico and 30 additional countries around the work make TÜV SÜD an effective single source for organizations seeking expertise in the certification and auditing of management systems of all types.
GLOSSARY OF ACRONYMS

DIS – Draft International Standard
FDIS – Final Draft International Standard
GDP – Gross Domestic Product
ILO – International Labour Organization
ISO – International Organization for Standardization
OHSAS – Occupational Health & Safety Advisory Services
NGO – Non-government Organization
PC 283 – Project Committee 283
WD1 – Working Draft 1
WD2 – Working Draft 2
CD – Committee Draft

FOOTNOTES

3 For example, see “Status of occupational safety and health in India,” (http://infochangeindia.org/agency/occupational-safety-and-health/status-of-occupational-safety-and-health-in-india.html, as of 20 April 2015), which notes that regulatory authorities responsible for workplace health and safety in India, a country with a total workforce of 26 million people, has only 1400 safety officers, 1154 factory inspectors, and 27 medical inspectors.
9 For example, see the website Global Worker Watch (www.globalworkerwatch.org), which maintains an interactive map of worker deaths and industrial catastrophes
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