

EHS & Sustainability Staffing and Structure

Benchmark Report

November 2012



About this Report

On behalf of NAEM, I'm pleased to introduce the 2012 EHS & Sustainability Staffing and Structure report. The purpose of this research is to provide a benchmark for the organizational structure, staffing levels and responsibilities of the function that supports a company's environmental, health and safety (EHS) and sustainability goals. The result is an in-depth look at the current professional landscape and the first major study to identify the specific role of the EHS function in developing, executing and managing corporate sustainability initiatives.

NAEM first started documenting the scope of the profession in 1991, with a landmark study conducted by Coopers & Lybrand (now part of Pricewaterhouse Coopers). What that first study revealed was the emergence of new business function to proactively manage a range of environmental and compliance risks, following the creation of the U.S. Environmental Protection Agency. The report also highlighted the unique mix of technical knowledge, interpersonal skills and business acumen needed to be successful in the corporate environmental management profession.

Over time, our benchmarks have reflected the continued evolution of the function, which now incorporates health, safety and most recently, sustainability. This report takes a more detailed look at the core objectives from previous studies by adding questions that identify the function's specific level of participation in a broad range of programmatic activities. It also incorporates insights from interviews with EHS and sustainability leaders. This qualitative component sheds light on the thinking behind how companies are structured, as well as the nuanced approaches to sustainability management.

There are inherent challenges associated with conducting research across industries and among businesses with complex structures. As such, this report does not make specific recommendations or identify best practices. Nevertheless, there is ample information to help you benchmark your program and create management systems that improve the EHS and sustainability performance of your organization.

I would like to gratefully acknowledge the members of our advisory committee, who helped shape the questionnaire, and thank all those who participated in the research. Their generosity of time and knowledge has helped advance our understanding of the profession, and its critical role in business today.

Sincerely,



Carol Singer Neuvelt
Executive Director
NAEM

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About NAEM

The National Association for Environmental Management (NAEM) empowers corporate leaders to advance environmental stewardship, create safe and healthy workplaces, and promote global sustainability. As the largest professional community for EHS and sustainability decision-makers, we provide peer-led educational conferences and an active network for sharing solutions to today's corporate EHS and sustainability management challenges. Visit NAEM online at www.naem.org.

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Executive Summary

Executive Summary

To understand how companies staff and structure their EHS and sustainability programs, NAEM fielded an online survey among full time, “in house” corporate EHS and sustainability professionals. The research also included 14 qualitative interviews with senior EHS and sustainability leaders from across industries. The following insights reflect the perspective of 199 senior leaders (manager, director, vice president), working within combined EHS and sustainability functions at U.S.-based companies with revenues ranging from \$250 million to \$50 billion.

Most companies manage EHS through a consolidated, centralized function

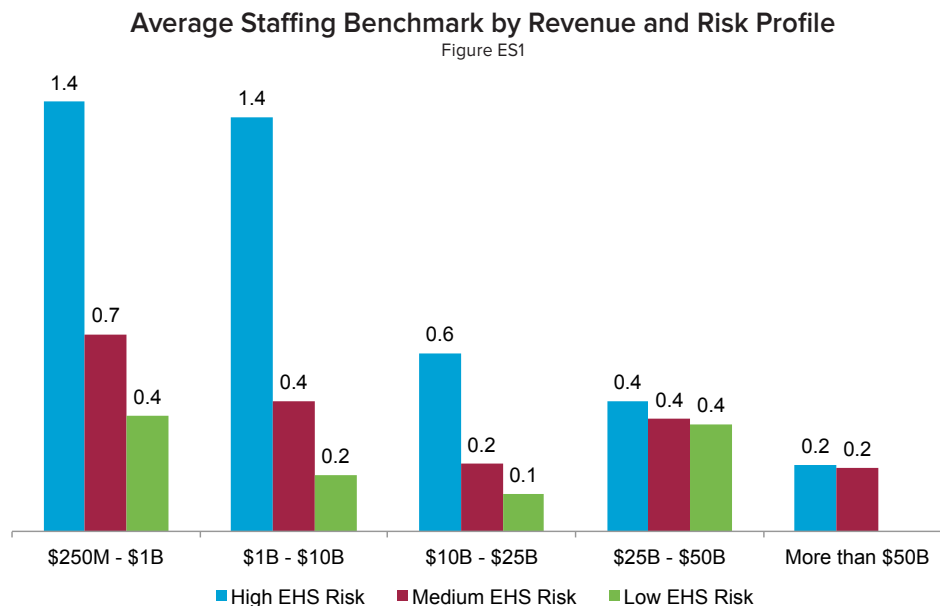
Most companies assign environment, health and safety, and sustainability activities to a single, centralized function. Two-thirds of companies report a governance structure that centralizes authority and policies; one-third also incorporate a centralized budget process. The function generally reports into one of several core areas: legal, operations, human resources or the C-Suite.

How a company chooses to organize the function, on the other hand, varies widely. Even within the same company, there may be multiple approaches, based on the number of business units, the industry segments they operate in, geography and risk. The most common department structure, however, tends to be one that integrates EHS at the corporate and facility levels.

Staff levels are driven largely by perceived EHS risk, industry and structure

EHS staffing levels (normalized by total employees) are influenced by the company’s perceived EHS risk, industry and structure. Companies that identify as operating under a high degree of EHS risk tend to have larger staff sizes. This holds true for industries such as utilities, extractives and chemicals.

A company’s structure and revenue also affect staff levels. Decentralized structures tend to require higher staff levels per total employees, as do small and mid-sized companies. Companies with higher revenues, on the other hand, reported fewer EHS staff per total employees.



N = 127

EHS budgets reflect a large investment in employees

EHS budgets (normalized by total employees) are largely driven by employee needs such as salaries, benefits, expenses and travel. Because of this interdependence, the same factors that influence staff levels also influence budgeting. High-risk companies, or those with decentralized EHS structures, tend to have more staff and therefore, larger budgets.

EHS and sustainability professionals are highly credentialed, seasoned leaders

Among respondents, 79 percent have been working in the field for more than 15 years and 55 percent have done so for 20 years or more. In general, EHS professionals have strong backgrounds in science or engineering, with most holding a Bachelor of Science (69 percent) and/or a Master of Science (31 percent) degree. The third most common academic credential was a Master of Business Administration (20 percent), which reflects the role of EHS professionals in shaping business strategy.

The EHS function takes the lead in regulatory compliance, auditing and information management

The EHS function is primarily responsible for setting environmental goals, waste management, pollution prevention and regulatory compliance. Data management and EHS Management Information Systems are also key areas of responsibility, likely driven by the growth in external reporting of environmental metrics.

Top 20 EHS Responsibilities

Figure ES2

Activity	Leading
Setting environmental or EHS goals and identifying key performance indicators	96%
Reporting/information management	96%
Regulatory tracking	94%
EHS management information systems	93%
Auditing	91%
EPA compliance	90%
Due diligence	88%
Hazardous materials	88%
Waste disposal	85%
Spill prevention/control	85%
Permitting	85%
Air pollution	84%
Storm water	83%
Waste recycling	81%
Chemical management	81%
Carbon footprinting, tracking and disclosure	80%
Site remediation	80%
Industrial emissions reductions	79%
Other pollution prevention	79%
Right-to-know	78%

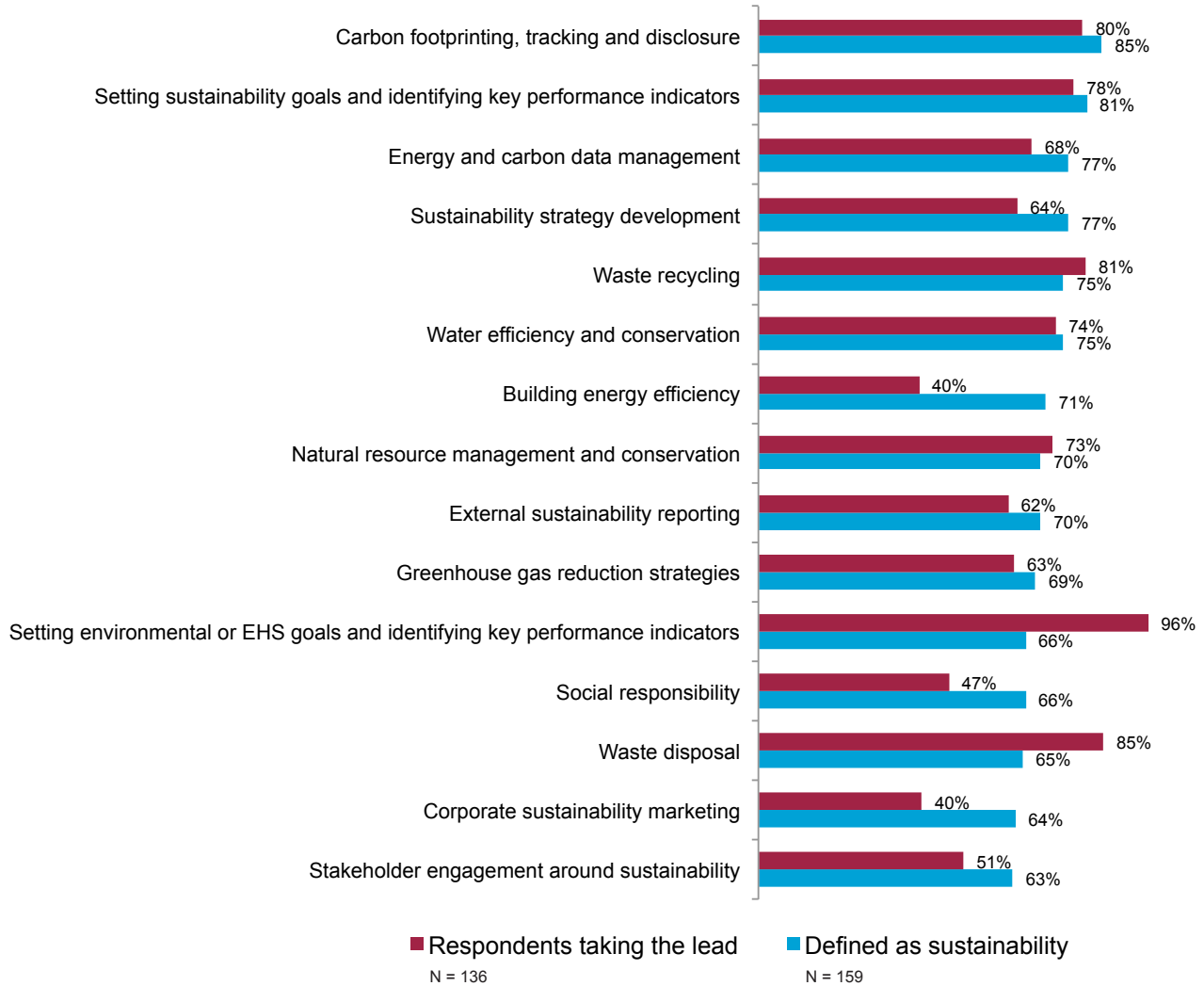
N = 136

Today's EHS professionals also play a key role in sustainability

Among the top 15 programs identified by respondents as 'sustainability initiatives', the EHS function either leads, or shares responsibility for, the majority of activities. This includes leadership for establishing sustainability strategy (64 percent) as well as tracking and reporting the sustainability metrics (78 percent). The types of 'beyond compliance' activities the EHS function is involved with is likely shaped by the industry, maturity of the company's sustainability program or its level of reputational risk.

Respondents' Involvement in Sustainability

Figure 50



Sustainability is most often managed through a cross-functional team, led by EHS

Most companies are managing sustainability through a cross-functional team (36 percent), the data revealed. The key team members are corporate communications (59 percent), operations (57 percent), legal (50 percent), sales and marketing (48 percent) and EHS (48 percent). These teams are most often led by the EHS function (23 percent) or a combined EHS and sustainability function (18 percent).

When sustainability is assigned to a stand-alone department, EHS is most often in the lead (33 percent), followed by stand-alone sustainability department (20 percent).