

# Sustainability Management System Assessments

Many companies have developed sustainability management systems<sup>1</sup>. These companies also frequently audit their management systems to assess the degree of conformance against specified standards, such as ISO 14001. While useful in early years, many companies find that, once conformance to the standards is attained and sustained over a long period, their audits begin to lose their value. Significant effort is expended to identify few issues, and little insight is gained on whether the right risks are being managed in the right way.

It is often at this point that companies begin to expand their audits to look beyond conformance and to focus on management system effectiveness. Specifically, they begin to address the following questions:

- What are the key sustainability risks and challenges relevant to our business goals, and are we effectively managing these issues?
- Are our sustainability objectives complementary with, or competing with, our other business objectives?
- Are our division-level sustainability management systems concordant with our corporate level systems, and are these systems aligned with our overall business strategies?
- Are our sustainability management systems designed to deal with emerging sustainability risks that could affect the company's long term success?

To help companies address these questions, and to evaluate the effectiveness of their sustainability management systems, PricewaterhouseCoopers has developed its ORCA approach to Sustainability Management System Assessments. The goal of the ORCA approach is to determine whether a company's sustainability management systems support the company's business strategies and objectives. ORCA stands for:

- Objectives: what are your company's key business and sustainability objectives?
- Risks: what are the main sustainability risks and challenges that your company faces?
- Controls: what management practices have been implemented to manage these risks and challenges?
- Alignment: are your sustainability management systems aligned with your overall business goals?

1. The term "sustainability" is used here in reference to environmental, health and safety and social management systems.

# THE ORCA APPROACH



The first step is to determine your key objectives in relation to:

- Growth
- Production
- Cost control
- Reputation
- Environment
- Health & Safety
- External stakeholders

The next step is to identify, assess and prioritize the key sustainability risks and challenges facing the company, and their potential impacts to the business objectives. Risks can be divided into current risks and future risks.

Then controls and processes are identified and assessed. There are five interrelated components, which should be applied at every level of the organization:

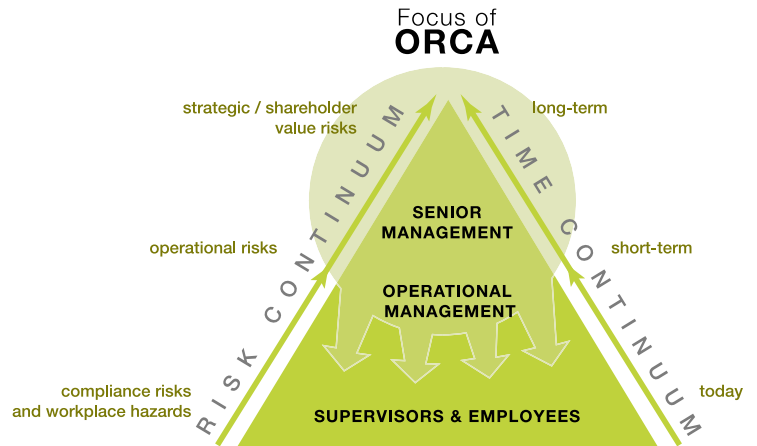
- Control Environment
- Risk Assessment
- Control Activities
- Information & Communication
- Monitoring

The final step is to seek alignment between the organization's objectives and its appetite and tolerance for risk. Management can then begin to establish the enterprise structure that best supports the organization's objectives.

Upon completion of the assessment, we will issue a comprehensive report to senior management (and/or the Board of Directors) setting out our findings and highlighting areas for improvement.

Our ORCA Approach to sustainability management system assessments:

- Instills an instinctive and consistent consideration of risk and reward in the day to day planning and achievement of strategic business and sustainability objectives.
- Focuses on how an organization, corporate division, or operating facility describes and prioritizes its sustainability strategies and objectives.
- Recognizes that sustainability risks and challenges will be encountered during pursuit of business opportunities, and that these risks must be effectively controlled and monitored.
- Reinforces the continuous improvement process by identifying risk management options for sustainability threats and opportunities.
- Helps organizations align their sustainability management practices with their business strategies and objectives.



For more information about our ORCA assessment services, please contact:

**Bruce McIntyre**  
 bruce.mcintyre@ca.pwc.com  
 604 806 7595

**Mel Wilson**  
 mel.j.wilson@ca.pwc.com  
 403 509 7338

**Steven Raduy**  
 steven.raduy@ca.pwc.com  
 403 509 7583