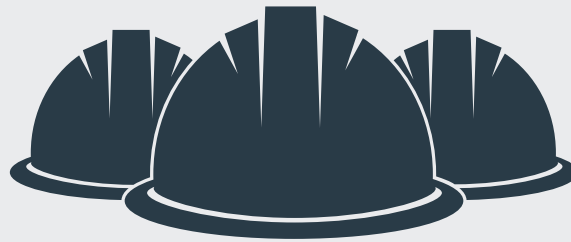




# EXECUTIVE SAFETY LEADERSHIP



# ➤ EXECUTIVE SUMMARY

This guide offers clear explanations of health and safety concepts that are important to executives and board members, and provides practical solutions that can be implemented to reduce risk in the workplace. Focused on the needs of leaders, it provides tangible steps, actions and behaviours to drive a strong safety culture throughout an organization.

The oil and gas industry works with volatile materials, often under high pressure, in remote regions of the country. In many subsectors of the industry, hazards are an unavoidable aspect of operations. Reducing these risks through improved safety performance is a strategic priority for oil and gas companies given the serious and far-reaching financial, legal and reputational risks of a safety failure.

Under Canadian law executives have a legal duty to take reasonable steps to protect their workers or anyone else from bodily harm arising from their work. Companies have been fined into bankruptcy for failing to maintain adequate safety standards.

Executives also have a responsibility to minimize the significant destruction of value resulting from safety failures. Negative effects include harm to the company's reputation, loss in productivity and reduced capacity to hire talent.

Aside from avoiding the negative effects of an incident, executives should also consider the benefits that accrue with superior safety performance including improved retention, reduced turnover, reduced costs and improved reputation.

Of all employee categories, it is executives who play the pivotal role when it comes to improving safety performance. With strong safety leadership, executives can build a resilient safety culture capable of achieving safety goals. Without

executive leadership a strong safety culture will never take root and prosper.

Supporting executives are critical people such as managers, supervisors, and safety managers. It is vital executives ensure critical people in the organization have the competencies, resources and mandate to sustain safety initiatives.

Rather than approaching safety issues in an ad hoc response, executives can coordinate their efforts under a Safety Management System (SMS). An SMS is an organized approach to managing health and safety including the necessary organizational structures, responsibilities and accountabilities, policies and procedures. Since no two companies have the same needs and conditions, executives should tailor their SMS to suit the size, nature and complexity of the operation.

Measurement and assessment are central for any sustained effort to improve safety. Using reliable and targeted assessment data, executives can make strategic decisions on how and when to reinforce success, and when to abandon failure. Ultimately, measurement and assessment are the foundations for sustained improvements to safety.

By employing these practical measures, leaders in the oil and gas industry can take effective steps toward sustainable improvement in safety performance.

# > EXECUTIVE SAFETY LEADERSHIP

A Guide to Operationalizing Safety



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## > WHY SAFETY MATTERS TO EXECUTIVES

Workplace health and safety failures ranging from slips, trips and falls to a loss of containment have serious and far-reaching financial, legal and reputational risks. Executives have a legal and ethical obligation to minimize these risks.

Superior safety practices not only support an executive's legal obligations, they also deliver better value to shareholders by improving productivity, enhancing customer service and reducing the rate of injuries and illnesses.



# HEALTH AND SAFETY IN THE WORKPLACE

Investing in health and safety not only meets an obligation, it delivers significant benefits:

- reduced costs and reduced risks - employee absence and turnover rates are lower, accidents are fewer and the threat of legal action is lessened
- better productivity as employees are healthier, happier and better motivated
- lower insurance rates and the option to access lower WCB rates
- improved capacity to attract the top-tier talent
- improved standing among suppliers and partners given your safety record is public
- strengthened corporate responsibility reputation among investors, customers and communities
- better communication is fostered as incidents are quickly reported and addressed at all levels of the organization



# THE COST

Some of the latest data from the Association of Worker's Compensation Boards reveals workplace illnesses and injuries are a significant cost for employers and the country:

IN 2013



**902** Canadian WORKERS  
**LOST THEIR LIVES**  
in the workplace.

This translates to an  
**AVERAGE DEATH RATE** of  
**2.5** WORKERS  
PER DAY



There were

**241,933**   
**LOST-TIME INJURIES OR ILLNESSES**  
in CANADA

IN 2012

The WCBs paid

**\$7.3 BILLION**  
in **BENEFIT PAYMENTS**

**\$7,108** 

**AVERAGE ADMINISTRATIVE COSTS**  
in CANADA for each lost-time claim

**\$24,585**

**AVERAGE BENEFIT COST**  
per lost time employee





# AS AN EXECUTIVE, WHY DO I NEED TO BE INVOLVED IN SAFETY IN MY COMPANY?

An unwavering executive commitment to safety is essential to the success of a healthy and safe workplace. To build a strong and sustainable safety culture leaders must demonstrate that safety is their overriding value and priority

through their actions, decisions and communications. Without a visible commitment to health and safety from the top, there cannot be a sustainable foundation for superior safety practices.

Executives need to prevent negative cultural threats from taking root, and reinforce the organization's positive cultural defences to establish, foster and maintain a healthy safety culture.

## PRACTICAL SOLUTIONS

Here are several examples of how you as an executive can lead by example:

- ✓ Establish and implement an OHS policy for your company including an accountability system.
- ✓ Actively participate in weekly safety meetings.
- ✓ Ensure employees can report safety concerns without fear of blame or retribution.
- ✓ Speak to the newly hired employees at their safety orientation letting them know that safety comes first.
- ✓ Keep an eye out for unsafe practices and intervene directly once you notice them.
- ✓ Address deliberate reckless unsafe acts, but do not punish unintentional errors.
- ✓ Learn from mistakes, and implement solutions.
- ✓ Value and accept advice on your own personal safety (e.g., if you are told to wear safety goggles, put some on).
- ✓ Appoint representatives — such as managers and supervisors — and assign them to carry out specific responsibilities in your OHS program.
- ✓ Provide adequate financial resources for implementing, maintaining and improving your OHS program.
- ✓ Ensure workers and worker representatives are consulted and can actively participate in developing and maintaining the OHS program.
- ✓ Include OHS activities and initiatives in overall business plans and set annual targets to reduce incidents.
- ✓ Measure safety performance and have it reported along with quarterly financial performance.
- ✓ And, finally, make health and safety part of the business culture of your organization by encouraging ongoing communication through all levels of the organization. This ongoing communication can be done through emails, memos, meetings and individual, face to face contact.



## > OBLIGATIONS

**WHAT ARE MY LEGAL RESPONSIBILITIES?  
HOW DO THEY AFFECT ME AND THE COMPANY?**

Executives have a legal duty to take reasonable steps to protect their workers or anyone else from bodily harm arising from their work. Failure to do so may result in penalties under provincial or federal regulations, or charges of criminal negligence, resulting in fines or even jail time. Boards and executives need to ensure they are aware of the legal risks faced by their organization.



## LEGAL OBLIGATIONS

The first step in regulatory compliance is to correctly determine the legal boundaries of the worksite and identify the OHS responsibilities applicable to you and your employees. Familiarize yourself with the legislation and know your rights and responsibilities.

For more information on OHS in Western Canada, refer to the Crossing Borders Report available at [www.enform.ca](http://www.enform.ca).

## DUE DILIGENCE

Due diligence means that employers shall take all reasonable precautions to prevent injuries or accidents in the workplace.

To exercise due diligence, an employer must implement a plan to identify possible workplace hazards and carry out the appropriate corrective action to prevent accidents or injuries arising from these hazards.

This point can't be stressed enough: **Senior managers and executives must take “all reasonable care to ensure corporate compliance” for the health and safety of their employees.**

## EFFECTS ON THE COMPANY

Your company's reputation may suffer if it becomes known as a dangerous place to work which could impact your ability to attract and retain quality people in turn limiting your competitiveness.



# LAND MARK COURT DECISION

#5904096

September 4, 2013



## BANKRUPT AND PERSONALLY LIABLE

On September 4, 2013, the Court of Appeal for Ontario released a land mark decision that proved a company could be fined into bankruptcy and its executives held personally liable under C-45.

In the R. v. Metron Construction Corporation case ("Metron") the company had pled guilty to a charge of criminal negligence causing death but the court rejected a lower case settlement and nearly quadrupled the fine against the company to \$750,000. The case was one of the first to test the high level of legal accountability companies and executives have when it comes to safety in the workplace.





## ➤ PRACTICAL SOLUTIONS

Executives can meet their legal obligations using a variety of methods. Here are a few of the most common and cost effective methods:

- ✓ Have a general health and safety policy that is accessible to all employees.
- ✓ Implement policies for identifying, assessing and controlling hazards.
- ✓ Communicate health and safety instructions to workers.
- ✓ Ensure employees are provided the proper training on equipment and procedures.
- ✓ Make sure there is adequate supervision in the workplace.
- ✓ Communicate to employees that they have an obligation to refuse unsafe work.
- ✓ Ensure workers have policy manuals readily available and have the resources and training to use them effectively.
- ✓ Provide workers with equipment operating manuals and equipment specific training.
- ✓ Confirm that proper maintenance procedures for equipment is being followed.



THE PEOPLE



## > THE PEOPLE

Everyone in the workplace has a duty to keep the workplace safe. But those in key leadership positions play the pivotal role in developing and maintaining a healthy and safe work culture. Executives must ensure that critical people at all levels of the company have the training, authority, confidence and resources to operationalize safety.



THE PEOPLE



## CRITICAL PEOPLE

Executives have the overall responsibility to provide a healthy and safe workplace and to ensure that adequate resources are provided to meet the organization's health and safety objectives.



EXECUTIVES



# CRITICAL PEOPLE

## Managers must:

- carry out their roles and responsibilities as detailed in the relevant health and safety policies and procedures,
- ensure all health and safety risks are identified, assessed and effectively controlled in consultation with workers,
- regularly monitor the effectiveness of risk control measures and ensure deviations from standards are rectified,
- ensure supervisors and workers have adequate knowledge and skills to carry out their health and safety responsibilities and
- consult with workers on any proposals for, or changes to, the workplace, work practices, policies or procedures which may affect the health and safety of workers.



MANAGERS





THE PEOPLE



# CRITICAL PEOPLE

Dedicated health and safety staff (such as safety managers) can act as a resource to the company and support superior safety practices.

In Canada, the Canadian Registered Safety Professional (CRSP) ([www.bcrsp.ca](http://www.bcrsp.ca)) is the national standard for practicing occupational health and safety professionals.

## **Safety managers have a responsibility to:**

- facilitate the risk management process including hazard identification, risk assessment and risk mitigation,
- act as a health and safety subject matter expert for line managers and employees,
- monitor corrective actions to ensure their completion and effectiveness,
- provide periodic reports on health and safety performance,
- maintain health and safety documentation,
- ensure that there is health and safety management training available and that it meets acceptable standards,
- provide independent advice on health and safety matters,
- oversee hazard identification systems,
- be involved in incident investigations and
- collate, understand and disseminate information from other similar organizations and regulators.



SAFETY MANAGERS



THE PEOPLE



# CRITICAL PEOPLE

Supervisors are the front-line guardians of health safety in the workplace. Executives need to ensure these critical people, particularly first line supervisors, have the required competencies to perform their job. It is also essential executives support the tough safety decisions made by supervisors in the face of production pressures.

## **Supervisors have a responsibility to ensure:**

- they carry out their roles and responsibilities as detailed in their health and safety policies and procedures,
- all health and safety policies and procedures are implemented in their areas of control,
- all risk control measures in their areas of responsibility are implemented, regularly monitored and maintained,
- the workers under the supervisor's control are provided with the necessary information, instruction and training to effectively and safely carry out their jobs and
- workers and contracted organizations are assessed on a regular basis to ensure compliance with safety standards and policies.



SUPERVISORS



THE PEOPLE



## ➤ PRACTICAL SOLUTIONS

You should be asking your critical people to:

- ✓ participate and contribute to building, implementing and continuously improving your health and safety program,
- ✓ be committed and accountable,
- ✓ lead by example, and
- ✓ demonstrate their support of the health and safety program including:
  - ✓ participating in health and safety leadership training, health and safety meetings, and incident investigations.
  - ✓ touring the work site periodically to communicate and reinforce healthy and safe practices and behaviours.
  - ✓ integrating and managing safety processes into all operations



## > SAFETY MANAGEMENT SYSTEMS

The oil and gas industry routinely operates under conditions with significant hazards that are impossible to eliminate completely. A robust Safety Management System (SMS) can help control the risks in an operation with major hazards that could lead to serious consequences including loss of containment.



# WHAT IS A SAFETY MANAGEMENT SYSTEM?

A Safety Management System is an organized approach to managing health and safety, including the necessary organizational structures, responsibilities and accountabilities, policies and procedures. But an effective SMS is more than a package of manuals and procedures. It requires the development of an organizational culture that reflects the safety policy and objectives. Without the full commitment of leaders within the organization reinforcing a healthy

and safe culture, the SMS will not be effective on its own. There is no single SMS that can be applied universally. Each organization will have different needs and different solutions. A complex SMS is unlikely to be appropriate for small organizations. All organizations should tailor their SMS to suit the size, nature and complexity of the operation, and most importantly the hazards and associated risks inherent with its activities.

## THE ESSENTIALS

### The key components of an SMS include:

- management, leadership and organizational commitment
- hazard identification and assessment
- hazard control
- work site inspections
- worker competency and training
- incident reporting and investigation
- emergency response planning
- program administration

Like gears in a machine, each component of an SMS contributes to a safe working environment. To explore the components in more detail on the next page.

Executives of small-sized companies can learn how to develop their own safety program using Enform's Safety Program Development Course:

<http://www.enform.ca/coursesearch/default.aspx?Keywords=safety program development>



# SMS CHECKLIST

## ASK YOURSELF THE FOLLOWING QUESTIONS:

- ✓ How often is your senior management team communicating with the frontline workers?
- ✓ Are inspections carried out at regular and defined intervals?
- ✓ Does your organization have a process in place to hold employees accountable for using the required hazard controls?
- ✓ Do you provide your frontline supervisors with the time to train new and inexperienced workers on the job?
- ✓ Is the competency level of supervisors assessed, and training provided to fill any gaps?
- ✓ Does your organization have a method to assess all potential emergencies and is everyone trained to manage these emergencies?
- ✓ Is there active evaluation of practices?
- ✓ Are you aware of the incidents that have occurred within your organization and the corrective actions put in place?
- ✓ Does your senior management team participate in the planned health and safety meetings that involve your frontline workers?

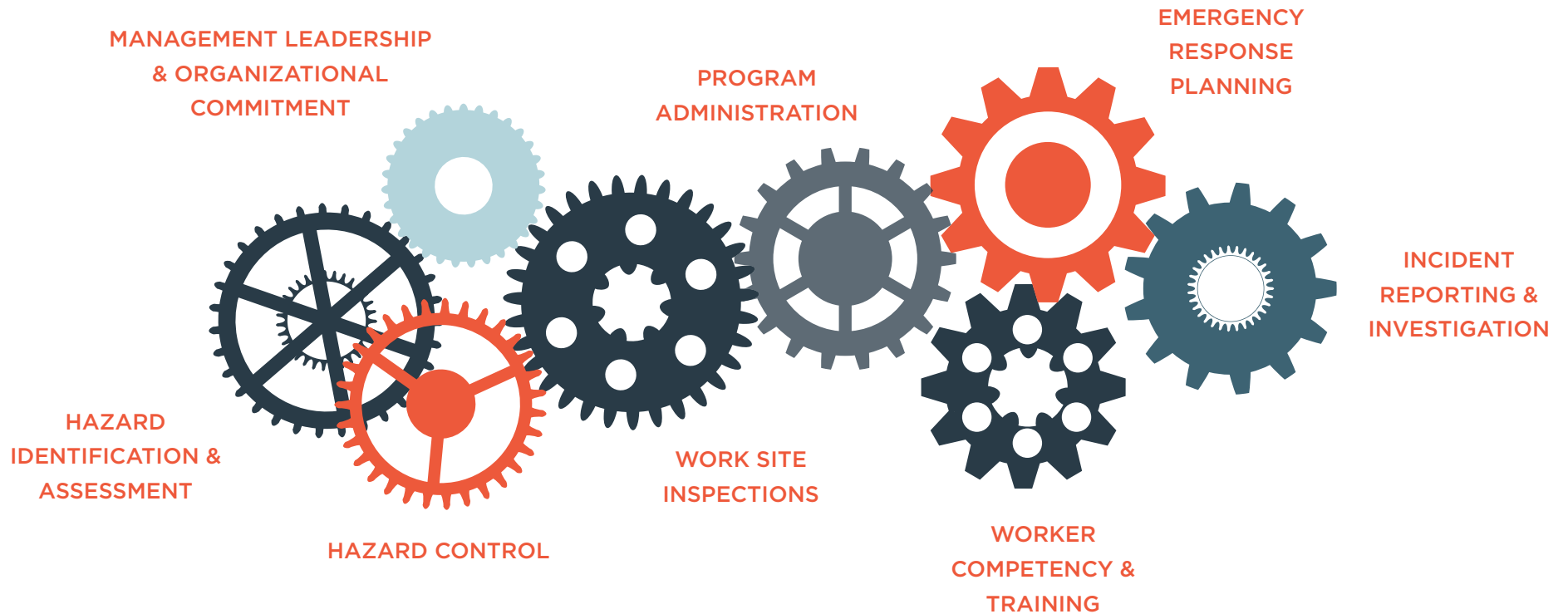
For an independent and objective assessment of your company's SMS, consider completing an audit through Enform's Certificate of Recognition (COR) program.

The COR program is a proven way for employers to improve their health and safety performance and reduce the risk and costs associated with workplace incidents.

For more information on the COR program, visit [www.enform.ca](http://www.enform.ca).

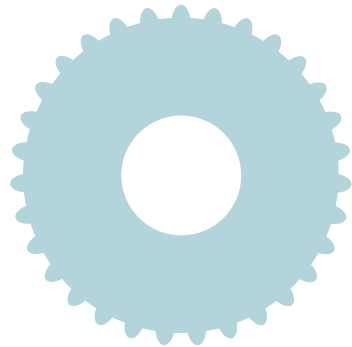


# SAFETY MANAGEMENT SYSTEM





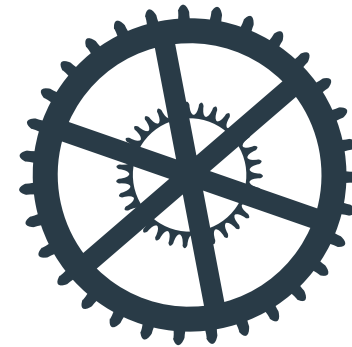
# SAFETY MANAGEMENT SYSTEM



## MANAGEMENT LEADERSHIP & ORGANIZATIONAL COMMITMENT

To be effective an SMS must be actively supported by leaders in the organization.

The first step in accomplishing this is to put the organization's expectations around health and safety into writing by developing a Health and Safety Policy.



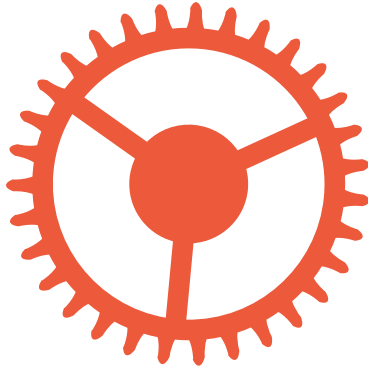
## HAZARD IDENTIFICATION & ASSESSMENT

Along with leadership commitment, hazard assessment will form the foundation of your health and safety system. It is important to assess all jobs for hazards, and key personnel should be trained in the process of carefully evaluating existing and potential hazards at the work site.



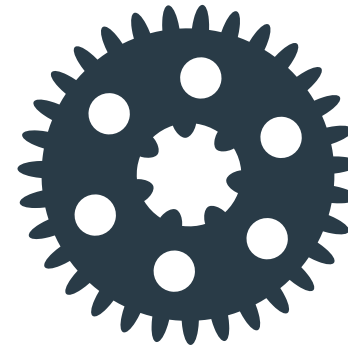


# SAFETY MANAGEMENT SYSTEM



## HAZARD CONTROL

Hazards can be eliminated by engineering or substitution of the hazard (e.g., building a catwalk with handrails), by introducing administrative controls or by using personal protective equipment.



## WORK SITE INSPECTIONS

Regular site inspections will:

- proactively identify potential hazards that may not have been previously noted
- confirm the effectiveness of controls already in place
- and demonstrate commitment to health and safety



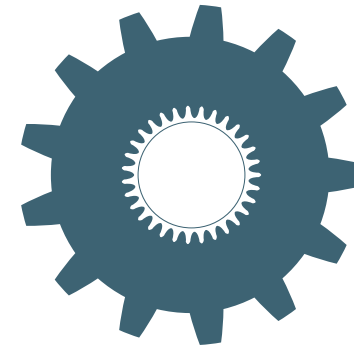
# SAFETY MANAGEMENT SYSTEM



## WORKER COMPETENCY & TRAINING

Worker training is a key element of any SMS and can be accomplished using a variety of techniques including:

- Orientations for new hires and workers transferring from other locations
- Job-specific training provided in-house or by outside trainers
- Basic safety training in areas such as H2S, fall protection and confined spaces
- As part of a formal competency program

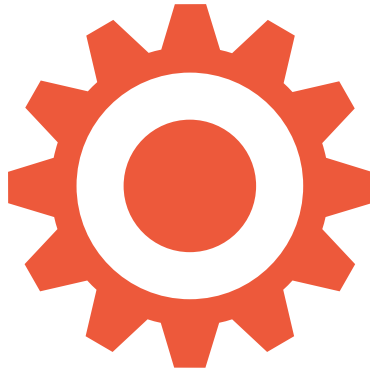


## INCIDENT REPORTING & INVESTIGATION

If an unplanned, unwanted event does occur on the work site, it must be investigated so that steps can be taken to reduce the likelihood that the same incident will happen again. A good investigation program will collect the facts, determine the root causes, establish controls to prevent recurrence, identify trends, and allow the organization to demonstrate commitment.

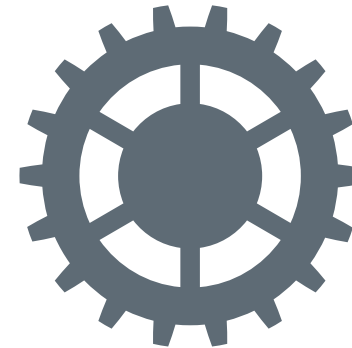


# SAFETY MANAGEMENT SYSTEM



## EMERGENCY RESPONSE PLANNING

Having a good Emergency Response Plan (ERP) in place can reduce the severity and risk of loss. Knowing what to do and who to contact can save lives and reduce costs if disaster should strike. To be effective ERPs should be tested using practice exercises that include workers and senior executives.



## PROGRAM ADMINISTRATION

Program Administration ensures that all aspects of an operation's SMS are recorded, tracked, and maintained. A record tracking system should be set up to allow for statistical analysis, and the identification of trends that may identify system areas in need of improvement.



# THE ISSUE

## > REPORTING & PERFORMANCE METRICS

### HOW DO I MEASURE HEALTH AND SAFETY PERFORMANCE?

Manuals, new safety procedures, and policy statements are not the ultimate driver of improved safety performance. Measurement is. Without measuring health and safety performance, leaders have no reliable indicator of how well the health and safety risks are controlled and have no idea where to make cost effective changes.



# MEASURING HEALTH AND SAFETY IN THE WORKPLACE

There are a variety of ways to measure health and safety performance, but no single metric will provide leaders with all the information they need. Instead several measures are needed provide an accurate picture of the organization's health and safety performance.

## INJURY RATES

The most commonly used health and safety indicator is work-related injuries and illnesses. But a low injury rate, even over a period of years, is no guarantee that risks are being controlled. This is particularly true in organizations where there is a low probability of accidents but where major hazards are present.

## LAGGING VS LEADING INDICATORS

Injury rates are also a lagging indicator which means they can only identify risks after the fact. Leading indicators are used to identify risks before an incident occurs. Leading indicators measure what employees are doing on a regular basis to prevent injuries.

## CHOOSING THE RIGHT METRICS

Prioritize metrics in areas of concern or where a serious incident is more likely to occur. For example, if vehicle accidents are common, measure the level of driver training or review the frequency of accidents in different regions.



# LAGGING VS LEADING INDICATORS

## LAGGING INDICATORS

- Total Recordable Incident Frequency (TRIF)
- Injury frequency and severity
- Lost workdays
- Damaged property
- Worker's compensation costs

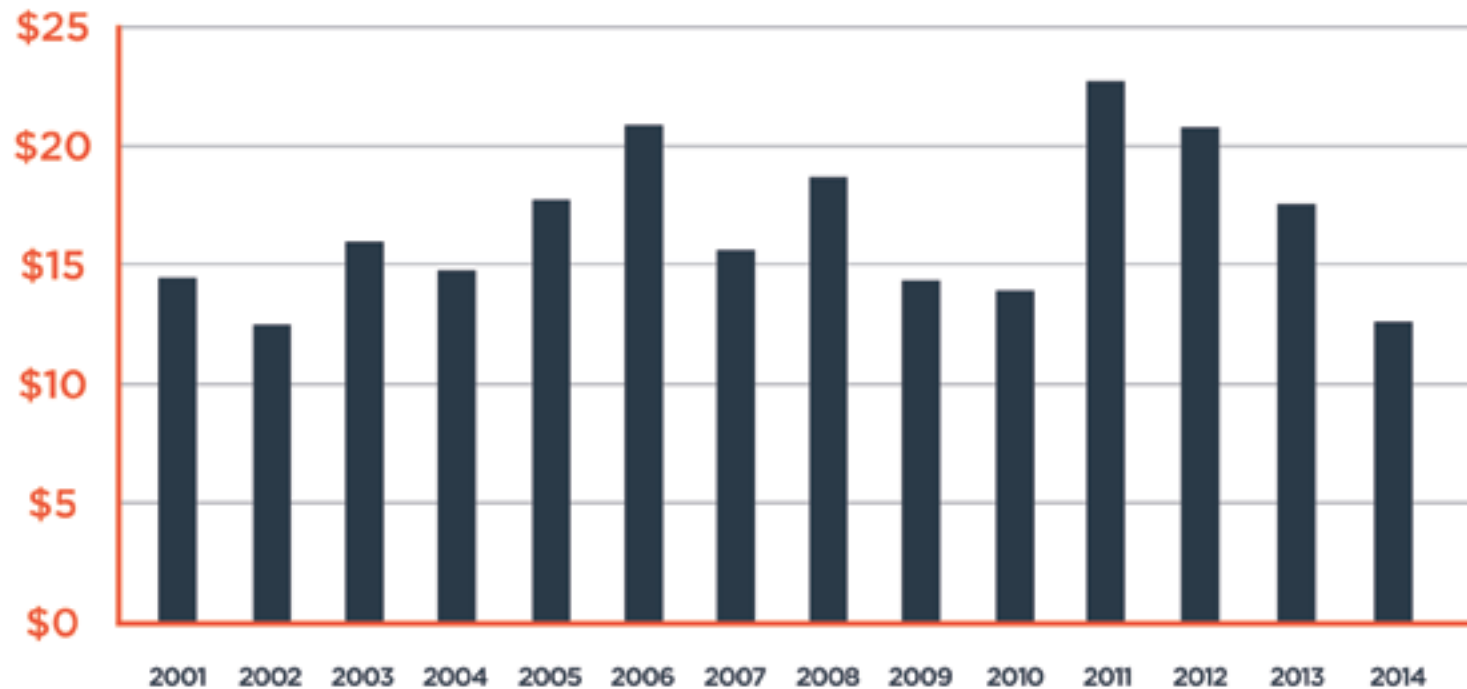
## LEADING INDICATORS

- Health and safety training
- Health and safety risks identified and corrected
- Employee perception surveys
- Health and safety audits
- Frequency of health and safety meetings
- Near-miss reporting
- Effectiveness of investigations



# PERFORMANCE METRICS

## KEY TRENDS IN THE ALBERTA OIL AND GAS INDUSTRY\*



### CLAIM COSTS INCURRED

EXCLUDES ADMIN. COSTS (\$millions)

\* As per Enform Funding Industries



# PERFORMANCE METRICS

## KEY TRENDS IN THE OIL & GAS INDUSTRY



### INJURY & ILLNESS COST (INSURED)

- › Medical Costs
- › Compensation Costs

### PROPERTY DAMAGE (UNINSURED COST)

- › Building damage
- › Tool & equipment damage
- › Product & material damage
- › Expenditure of emergency supplies
- › Repair & replacement costs

### UNINSURED MISCELLANEOUS COST

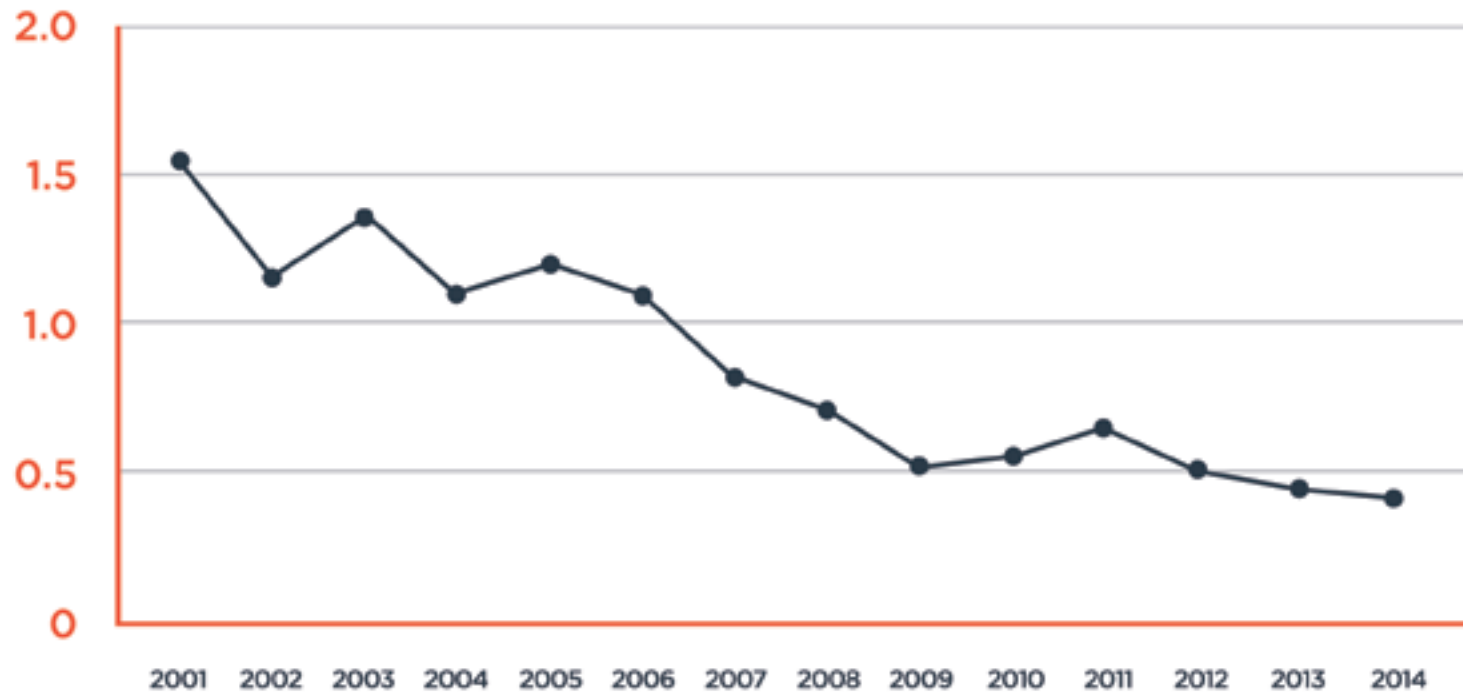
- › Incident investigation time
- › Wages paid for time loss
- › Cost of hiring or training replacements
- › Overtime / Extra leader's time / Clerical time
- › Decreased output of injured worker on return
- › Loss of business & goodwill





# PERFORMANCE METRICS

## KEY TRENDS IN THE ALBERTA OIL AND GAS INDUSTRY\*



## LOST-TIME INJURY FREQUENCY RATE (PER 100 WORKERS OF ASSESSABLE EMPLOYERS)

\* As per Enform Funding Industries



## ➤ PRACTICAL SOLUTIONS TO DEVELOPING PERFORMANCE METRICS

- ✓ Compare the company's health and safety records to similar companies. Learn and adopt best practices from companies with better records.
- ✓ Don't become fixed on your current measurement system. If it is not providing useful information that leads to results, change it.
- ✓ Follow incident trends within the industry. If there is an emerging issue, prioritize developing a metric to find problems before an incident.
- ✓ Keep records. Over time an organization will be able to identify where they have succeeded and where initiatives failed.
- ✓ Review and use the results. Make a point about reviewing health and safety measurements in a high-profile setting. Then use those results to clearly define measures for improving health and safety performance.



## > HOW DO I KNOW MY HEALTH AND SAFETY PROGRAM IS WORKING?

Steps towards making a healthy and safe workplace take time, and results might not be apparent immediately. So how do you know when safety is improving?



## OPERATIONALIZING SAFETY

Signs of safe operations include improvements in health and safety audit results and decreased incident/accident rates over a defined period of time. As hazards are identified and corrected, lost-time injuries will decrease (Possible safety metrics to consider are listed on page 28). Overall, a safer working environment will improve the financial bottom line as well.

With access to a wealth of information, executives are in the best position to determine if the company's health and safety performance and policies align with the organization's current priorities, strategic plans and financial targets.

Formal reviews allow the executive team to evaluate the effectiveness of their health and safety program and address weaknesses. At the very least there should be a top-level review once a year.

While leadership in the boardroom is critical, executives can also determine how safe their operations are by seeing it for themselves. Visiting a shop floor or field site is a valuable tool for assessing safety. Site visits not only provide insight into workers safety at the ground level, they strongly reinforce the message that safety is a priority.

## CONTINUOUS IMPROVEMENT OF HEALTH AND SAFETY

Understanding the health and safety performance in your organization will identify trends and highlight areas of concern. By maintaining records and instituting a regular review process executives will be able to develop effective action plans that will drive continuous improvement.



# HEALTH AND SAFETY PERFORMANCE MONITORING

Effective monitoring of an organization's health and safety could include a variety of methods:

- health and safety reporting
- health and safety studies
- health and safety reviews including trend analysis
- internal health and safety audits
- surveys of workers and supervisors
- internal health and safety investigations

---

# PRACTICAL SOLUTIONS TO OPERATIONALIZE SAFETY

As an executive you can:

- ✓ Visit worksites, interact with supervisors and frontline workers.
- ✓ Remain vigilant to health and safety concerns as they arise.
- ✓ Review safety reports and leading indicators frequently.
- ✓ Ensure health and safety concerns are part of the decision-making process and are not left aside.
- ✓ Avoid complacency; a lack of incidents is not the same as a safe workplace.
- ✓ Reward safe behaviour.
- ✓ Remain intolerant of deviation from safe practices.
- ✓ Listen and learn from meetings and constructive criticism.
- ✓ As your operations change, ensure your safety system remains resilient.



# SAFETY STAND DOWN

Safety Stand Down is a designated time for CEOs, executives, and senior managers to talk about safety issues directly with frontline supervisors, and workers. Enform's toolkit can help an organization plan and run an effective Safety Stand Down event.



**A meeting of senior executives and front-line workers**