Your Guide to **Proactive Environmental Compliance**

Eliminating the risks of non-compliance

ENCAMP

Hello!

First thing, we realize everyone is at a different point in their environmental compliance journey, and that you might not require each proactive step.

But we do hope you explore the sections that pique your interest. You know, get on the trail, follow the markers, and see where you end up.

The thinking is, if you take away just one new insight and apply it to your compliance reporting process, then this resource has done its job. Take away two or three ideas, even better.

After all, the goal is that non-compliance never sets foot in your business.

Enjoy the trail...

The Encamp Team

Hi there!

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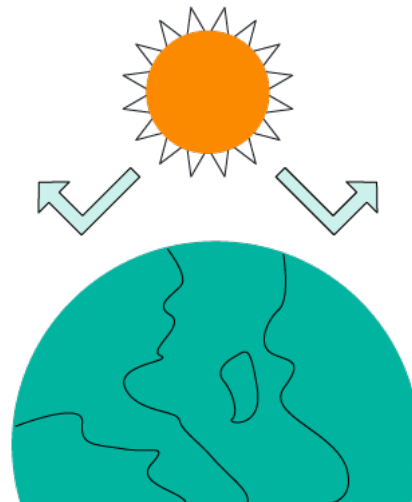
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Introduction

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Section One

Introduction

Proactive environmental compliance has become a must.

There are two truths of environmental compliance.

1 **First, non-compliance is *not* an option.** The risks of failing to properly follow environmental laws and regulations, including submitting required reports, can be disastrous to any company. Already, too many EHS professionals worry about regulatory changes and filings that are inaccurate, incomplete or late.

2 **Second, preparations for compliance reporting should be a year-round activity,** *not something that only happens days or weeks before the report is due.* The day a new calendar year begins, for just one key example, data for Tier II reporting should be ready to review and verify.

This is where proactive environmental compliance comes in.

Become proactive... **now**.

The goal, quite simply, is to avoid, minimize, and mitigate the many risks of noncompliance from the start.

Businesses and their EHS teams should have a chemical management program in place to identify chemicals on the EPA **List of Lists**. They should be able to monitor facilities, track data, and know where hazardous materials are stored. And they should know exactly when inventoried chemicals exceed reporting thresholds so reporting is accurate, complete, and on time.

With digitization, visibility, collaboration, productivity and sustainability providing the cornerstones, EHS operations:

Work from a **single source of truth** to manage data across teams and facilities

Get a **360° view of reporting** activities and become "50-state-aware"

Reimagine operational functions and streamline processes via **digital transformation**

They become proactive inherently.

Digitization

Digitization

Digitize records and ensure access to institutional knowledge to proactively minimize non-compliance risks

What if binders full of paper could be transformed into a computer-readable format? That's what digitization does,along with making it possible to transmit, share, and access data across computer networks and equally "digitalized" processes and workflows.

In their environmental programs, one of the biggest reasons companies risk non-compliance is that their reporting processes are still built on paper trails and manual processes to manage information. Many EHS teams continue to cut-paste from spreadsheets, store information in binders and outmoded, homegrown systems, and communicate back-and-forth in emails to get the reporting data they need.

TOO MANY INFORMATION SILOS

With all of these information silos, it can be difficult to adequately QA/QC data to verify that information is up to date, complete, and accurate. Data hygiene issues can result in missed reporting, inaccurate reporting, or incomplete reporting. Human error and pieced-together data are also constant hurdles to success, and introduce a tremendous amount of risk.

INSTITUTIONAL KNOWLEDGE ISN'T ALWAYS BROADLY SHARED

Institutional knowledge is the combination of experiences, processes, data, expertise, values, and information possessed by company employees. It can span departments or even entire enterprises. On some EHS teams, however, such knowledge for compliance reporting can often be confined to a handful of people, if not a single person. When reporting know-how isn't dispersed among a broader EHS group, and when an "expert" isn't available, non-compliance can be a threat.

To manage these elements of non-compliance risk successfully, EHS teams must be able to centrally maintain and share reporting data — new as well as historical. They must further be able to validate facility-level information, continually monitor TPQs per location, and ensure data quality throughout every stage of reporting prep for **EPCRA**, **RCRA**, **Tier II**, etc...

Where digital transformation comes in

Digital transformation is literally defined in thousands of ways. But somewhat simplified, think of it as a framework of data, process, technology and people working together within a supportive digital infrastructure.

Leveraging these solutions is a win for end-users who no longer must piecemeal processes together to get the information they need when they need it. Enterprises benefit from digital efficiencies like the ability to access more information more quickly, and opportunities to reimagine how operational functions and processes should really work.

TRACK AND VALIDATE DATA AND ENSURE ITS QUALITY

When EHS teams adopt a digital transformation strategy for environmental compliance, they're better able to track and validate data and ensure its quality. They can also enhance existing processes and create innovative new ways of problem-solving for all stages of compliance reporting.

What does "digital business" mean to organizations?

52%
of business say it enables worker productivity through tools such as automated processes

49%
say it lets them better manage business performance through data availability

(Source: IDG 2018 Digital Business Survey, via FinancesOnline)

The proactive reach of digitization

Digitizing records is just one aspect of a digital transformation strategy, but it's an important one. Digital data lets EHS teams drive proactive environmental compliance with access to decision-useful information on-demand.

ELIMINATE LABOR INTENSIVE MANUAL WORK

When data is digitized, it's efficiently maintained, easily located, and readily accessed — all electronically.

CREATE A SINGLE SOURCE OF TRUTH FOR REPORTING AND INSTITUTIONAL KNOWLEDGE

As digital records become seamless data, EHS teams share reporting data more readily, minimize errors, conduct QC/QA processes, and maintain information and institutional knowledge year-round.

DIGITALIZE AND STANDARDIZE REPORTING PROCESSES TO MAKE THEM SYSTEMATIC AND REPEATABLE

Automate and extend processes to regional and corporate environmental SMEs, and to every facility. The reporting process also stays consistent from year to year; there's no need to start from scratch each reporting cycle.

INCREASE DATA VISIBILITY AND CLEARLY DEMONSTRATE COMPLIANCE

With a single pane of glass, EHS teams and corporate stakeholders monitor reporting activities continually, and put compliance front and center, in full view.
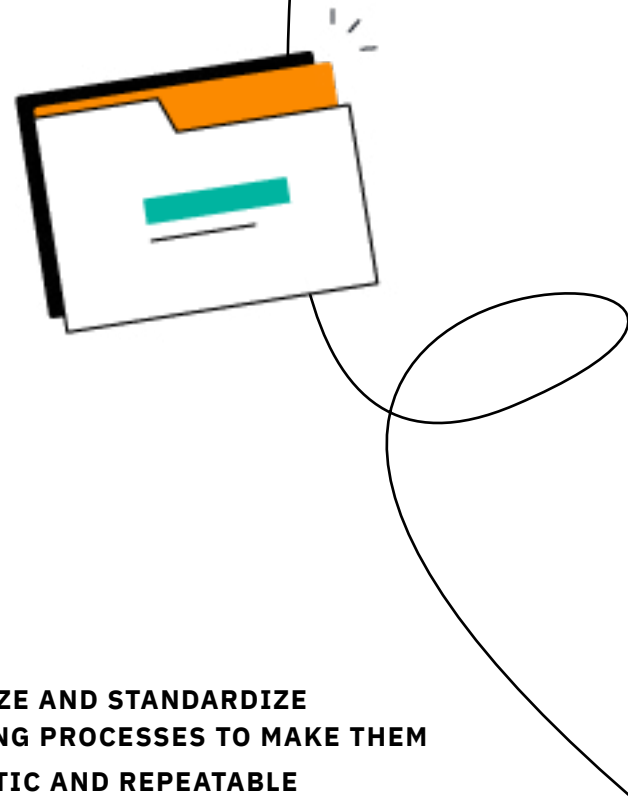
Non-compliance risks don't always stop at reporting

The risks, and <u>consequences</u>, of non-compliance aren't always confined to regulatory filings. Risk and its repercussions can extend to other areas of the business, too.

Proactive environmental compliance helps minimize these potential risks.

NON-COMPLIANCE RISKS

- Accuracy, completeness, and timeliness of filings
- Fines/penalties
- Agency stop-work order

**CONTINUITY RISK
AND SUCCESSION PLANNING**

- Systemization of process and institutional knowledge

CATASTROPHIC EVENT RISK

- Agency audits triggered by natural disasters, major spills, etc.

PUBLIC RELATIONS

- Standing and goodwill with regulatory bodies, legislators, and executive branch officials (high risk)
- Loss of customers

INVESTOR RELATIONS

- Fine/penalty impact on earnings (in many cases, shareholders pay these costs)
- Investor ratings and rankings risks (MSCI, DJSI, WME)
- Inability to meet ESG requirements for listing on select stock exchanges (IPO and delisting)

EMPLOYEE TALENT

- Brand reputation impact on recruiting
- Turnover from employee burnout (resource allocation)
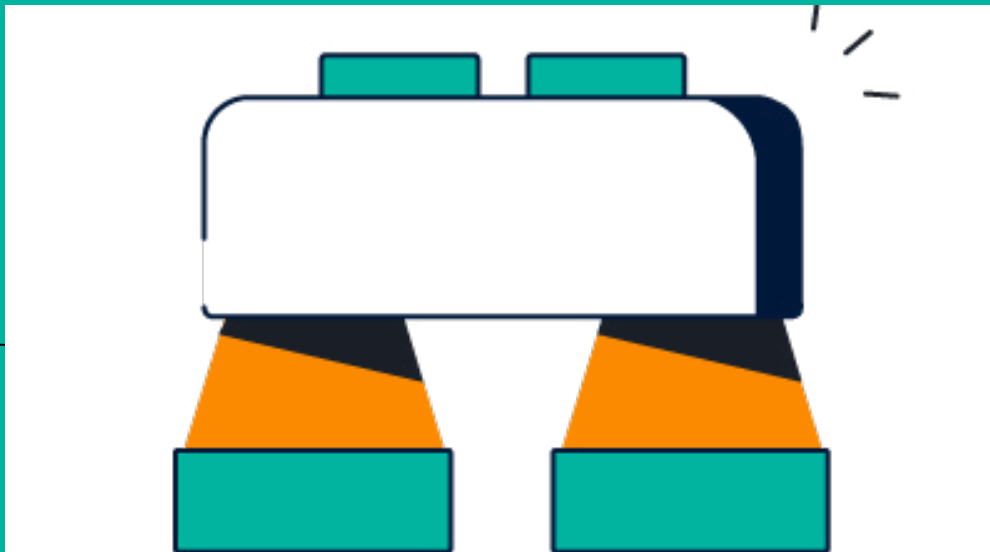
Visibility

Visibility

Increase data and process visibility between facilities and corporate to streamline compliance management

Data visibility is just as the term indicates: The ability to "see into" information. When data is visible (or "transparent," as some definitions put it), it helps organizations drive processes, monitor tasks, track projects, foster teamwork and collaboration — and see where potential risks are before they become critical.

When environmental compliance and reporting require operational data that lives in different places, visibility can be problematic. It's the same thing when consultants control a company's compliance and reporting data. Information and critical details can get hidden or lost in translation and the ability to gain new insights from the data becomes impossible.
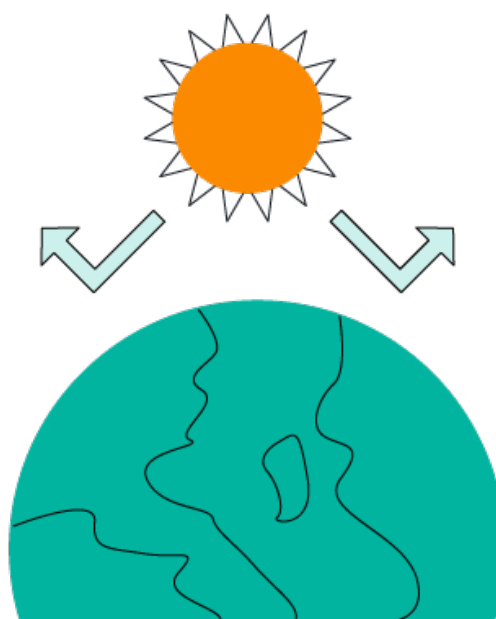
For process tasks like tracking chemical inventories and determining thresholds for reporting, EHS teams must be able to accurately analyze information and grasp what it means. When they can't, reports can be inaccurate or incomplete when they're submitted — at which point the enterprise becomes a magnet for non-compliance violations.

THE NEED FOR A SINGLE SOURCE OF TRUTH

Nearly every work task for compliance and reporting is tied to or generates data of some kind. When data isn't centralized, it can feel like walking through a maze to get needed information in a timely manner. And when this happens, associated tasks and workflows get dragged down.

IS IT THE "RIGHT" INFORMATION?

One critical issue is that people can't easily and quickly review data to confirm it's the "right" information. There might also be a lack of metadata needed to give context to the values being reported, such as, where did data originate, when was it collected, and by whom?

CONSULTANTS, AND EMPLOYEES OUTSIDE THE EHS REALM

This is a common situation where data is collected by consultants or someone in the organization who's outside the EHS realm, usually someone in operations.

DECENTRALIZED, NON-STANDARDIZED PROCESSES

Generally speaking, compliance reporting occurs at the facility level, which might mean it's up to someone in operations to collect the appropriate data, review it, and submit final reports. For any additional data QC/QA by regional or corporate environmental SMEs, it's critical that they have clear understanding where the data came from in order to ensure data quality.

97% of employees and executives believe the lack of alignment within a team impacts the outcome of a task or project negatively.

(Source: McKinsey Global Institute, via Bit.ai)

INEFFECTIVE DATA MANAGEMENT SYSTEMS

For task and data management, systems such as Environmental Management Information Systems (EMIS) are notoriously difficult to configure and use, which leads to poor adoption rates in many cases.

Additionally, getting data into and out of an EMIS or point systems can be a massive project in its own right, causing disconnects in data flows and information losing both fidelity and transparency when associated with a specific task.

Streamline task management

In the same way visibility is critical for data, it's equally critical for **streamlining processes and data flows** among entire operations. Within a process or workflow for things like reporting, a task or series of tasks should be clear and concise. In providing structure, this keeps EHS directors, managers, specialists, operations and other team members on the same page and going in the same direction.

The practice of streamlining tasks additionally lends well to standardizing processes and making them repeatable across EHS teams and facilities.

A shared and comprehensive view for something like reporting — especially when the view is a detailed, common dashboard — makes it easier to track and QA/QC the entire process. It can help EHS teams ensure data accuracy, tracking statuses and completions, and improve the ability to collaborate.

Could these regulatory violations have been avoided with better visibility for data and tasks?

A seafood processing plant was fined $220,000 for violating numerous chemical accident prevention and RMP requirements to safely manage anhydrous ammonia at its Massachusetts facility. The company also failed to meet EPCRA requirements to accurately submit chemical inventory information to the appropriate state and local emergency response agencies.

(Source: **EHS Daily Advisor** | Enforcement and Inspection, April 14, 2021)

A fertilizer company in Florida was penalized $331,100 for violating the Toxic Substances Control Act (TSCA) when it failed to submit chemical data reports (CDRs) for 16 chemicals in the required time period. Translated, the filings were late — perhaps because the company had insufficient transparency into its data and tasks for report preparations. And due dates.

(Source: **EHS Daily Advisor** | Enforcement and Inspection, April 14, 2021)

A military power supply company was fined $186,975 for violating chemical accident prevention requirements at its Arizona and California storage and distribution facilities. It was the same EPCRA non-compliance story as the seafood processing plant... this power supply company likewise failed to accurately submit chemical inventory information to the respective local emergency response agencies.

(Source: **EHS Daily Advisor** | Enforcement and Inspection, January 13, 2021)
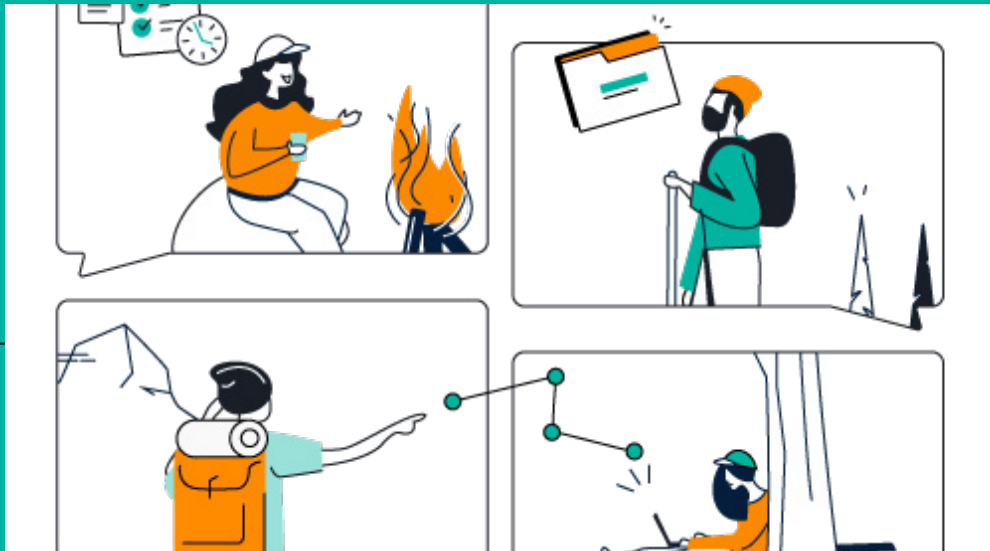
Collaboration

Collaboration

Collaborate enterprise-wide to increase compliance confidence

People working together and communicating their thoughts is just one facet of collaboration. But being collaborative is also about creating cohesive workflows, sharing data, spreading institutional knowledge, increasing team comfort levels, and making smarter, more informed decisions.
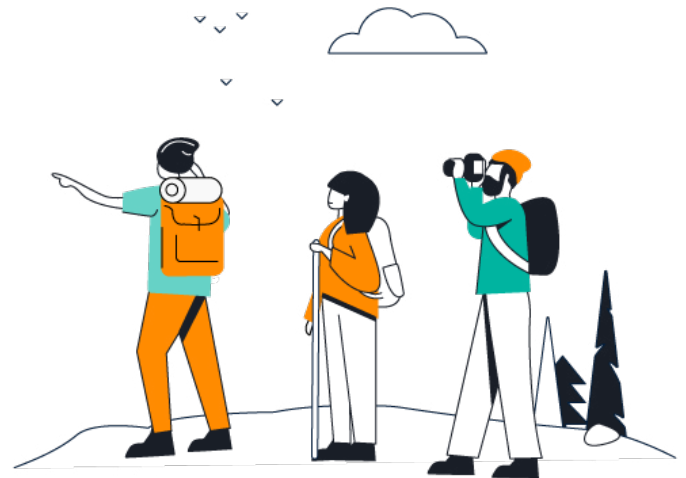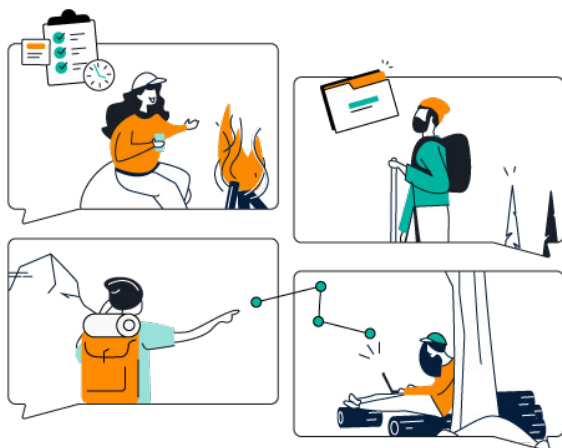
And if there's one convincing reason an EHS department should look closely at how it collaborates — or doesn't collaborate — it's that proactive environmental compliance is virtually impossible without it.

Unfortunately in many EHS operations, collaboration among members of an EHS team is either rarely emphasized and practiced or basically non-existent. The evidence is incomplete data for reporting, inaccurate filings, late submissions, constant fire drills… and a greater incidence of non-compliance.

75% of employers say effective teamwork is critical to the success of their business.

(Source: Queens University of Charlotte, "**Communicating in the Modern Workplace**")

CENTRAL TO AN ENTERPRISE'S CULTURE AND SUCCESS

In successful companies, generally speaking, collaboration is central to their culture. Such companies enable people from all corners of their organization to work together using collaboration tools, encourage knowledge sharing, and implement best practices to improve operations, communications, workflows and outputs. EHS teams, regardless of where they sit in the organization, should follow the same blueprint for environmental compliance and reporting.

The benefits of collaboration

(Source: **Bit.ai**)

Clear and precise delegation of work
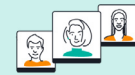
A faster way to work across teams and departments

Better tracking and reporting

An easier way to work across geographic locations

Increased productivity

Better organization of workplace documents

Data Hygiene and Quality

Activities to gather data and prepare and review reports can fall to an EHS director, a group manager, corporate and regional subject matter experts (SMEs), facility managers, environmental specialists, and EHS technicians. Complicating matters further, data can typically come from finance, purchasing, maintenance procurement, and on down the business's organizational line.

Collaboration and teamwork efficiency therefore becomes imperative across the enterprise — both as a requirement of the reporting process, and as an underlying driver of compliance and risk management. Additionally, it also improves data sharing, analyses, quality, accuracy, and decision-usefulness.

In standardizing processes and making them more systematic, employees should be aligned with the process in a collaborative structure.

Along with improving processes, such alignment can increase an EHS team's collective visibility into all compliance functions and programs, key details about operating sites, key performance metrics, historical trends, and other aspects team members need so they can do their jobs effectively.

EHS team collaboration should be twofold

For an EHS team, the principle of collaboration should be twofold.

1

As each team member completes their assigned task in a process, the shared responsibility should lead to a greater completeness and quality of work — i.e., quality data → properly completed reports → accurate and ontime filings.

2

This shared responsibility should provide everyone with better visibility into compliance status and drive confidence in final report submissions.

Collaboration best practices for EHS teams

Get everyone on the same path

Keep documents and work visible

Provide structure with checklists and playbooks

Meet often and communicate like clockwork

Productivity

Productivity

Improve EHS workforce productivity, knowledge sharing and employee empowerment

There's little argument that collecting and assessing data for compliance reports is labor intensive. And exhausting. Depending on the number of facilities and types of chemicals, an EHS team can collectively spend hundreds of hours chasing down information just to get started.

Teams can additionally be consumed by having to confirm state regulations and determine if chemicals are classified as hazardous materials. In and of itself, and particularly for multiple sites, researching new and updated regulatory guidelines and their applicability every reporting cycle can be a full-time job.

Yet these are just some of the more obvious time-consuming aspects of compliance and reporting. Others are less obvious, but are just as necessary and also add up.

Some examples: Reviewing compliance actions. Managing back-reporting requirements. Assigning tasks across various sites and teams and monitoring their progress — or lack thereof — and constantly coordinating with facility managers to keep work moving.

## Institutional knowledge is lacking or not always shared

Another problem common to many EHS operations is that institutional knowledge of the reporting process falls to only one or two people. In some companies, it's not unusual that the same person has assumed the responsibility of reporting for the last 20 years.

Think about that. One person has two decades of reporting history locked away in their head.

This person knows exactly where data lives, understands every regulatory requirement, has built relationships with key stakeholders in Operations and created the company's holy grail spreadsheet for reports. They can also maneuver precisely through every state's reporting portal for submissions.

They're the single authority and subject matter expert (SME) of compliance reporting for the entire organization.

- Can reporting knowledge from a current SME be fully transferred to other staff and new employees? How? Is there a process or training in place to do so? What if said SME retires or leaves the company???
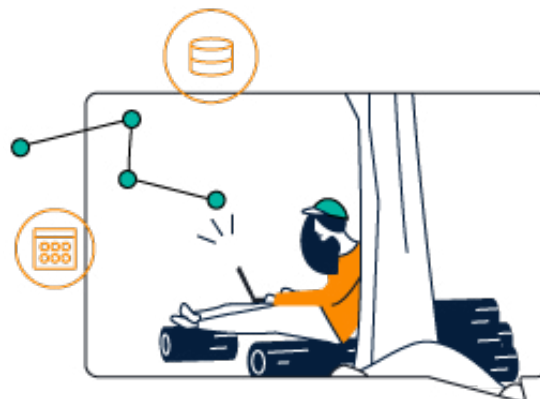
- Are knowledge sharing methods scalable if the company acquires or adds new facilities or chemicals? Or both?

- How confident are you that all facilities can pass an agency audit?

When knowledge isn't shared, it increases the risks of accidental omissions or missed reporting.

THE CONSULTANT QUANDARY

While consultants do complete valuable tasks, such as conducting chemical inventories, collecting and analyzing compliance data, preparing reports and submitting filings, their fees add up. Companies should therefore pay only for true value-add consultant services that are a fraction of billed hours, not for filling out forms and updating spreadsheets.

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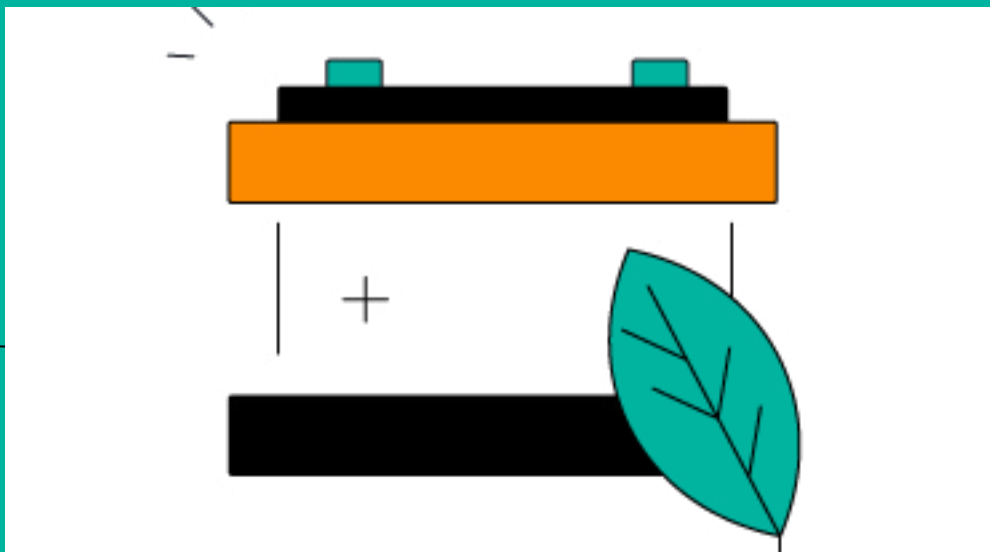
Sustainability

Sustainability

Contribute to and optimize sustainability efforts via digital efficiencies

A final key to proactive environmental compliance is aligning compliance and reporting efforts with corporate goals and "going digital" in the name of sustainability. Such alignment begins by identifying the issues corporate leaders care most about and how EHS operations impact them.

The aim is to manage compliance both systematically and proactively to contribute to and optimize sustainability efforts.
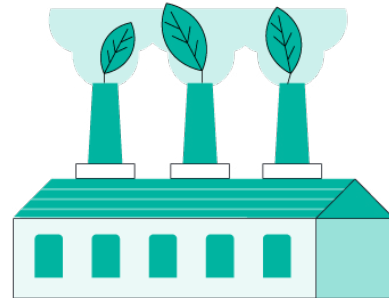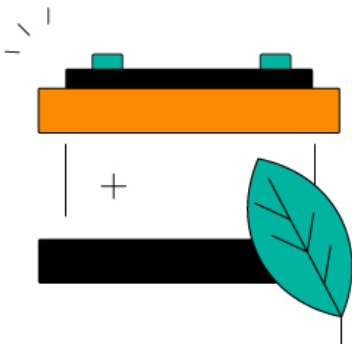
While common sustainability goals can range from reducing greenhouse gas emissions to decreasing energy and water usage and generating less solid waste, the goals within the scope of an EHS operation and the reporting process are measured mostly by efficiency.

Proactive environmental compliance lets businesses optimize sustainability efforts through the efficiencies of digital transformation technologies and practices that support compliance management.

Here are some of the more vital sustainability-based outcomes that EHS and corporate leaders can appreciate when compliance management has a digital foundation.

Digitize records to ensure people can quickly locate and access institutional knowledge to minimize non-compliance risks. Obviously, fewer paper records are good for the environment and sustainability. But by avoiding regulatory violations, companies steer clear of exorbitant financial penalties, the possible shut-down of operations, and a potentially damaged corporate reputation.

Increase data visibility between Operations and EHS teams and across facilities to streamline compliance task management. In the reporting process, data transparency and task continuity makes it more efficient to standardize processes (and make them repeatable), QA/QC data, ensure accuracy, track reporting statuses, and collaborate as a group in the effort to submit filings on time.

Collaborate enterprise-wide to increase compliance confidence. Collaboration can increase an EHS team's collective visibility into compliance functions and programs, sites, reporting metrics, and so on. When collaboration is lacking (or non-existent), however, the ability to manage processes and complete reporting tasks is diminished, and data and deadlines can get missed. Confidence in the process — and compliance itself — suffers as a result.

Improve EHS workforce productivity, institutional knowledge sharing, and employee empowerment. The concepts of digital transformation were introduced specifically to reduce the "friction" of manual work and encourage sustainability. When records are digitized and processes are automated, data moves across an organization more efficiently and increases institutional knowledge and worker productivity almost inherently. Employees are likewise more empowered, which helps stem workforce turnover.
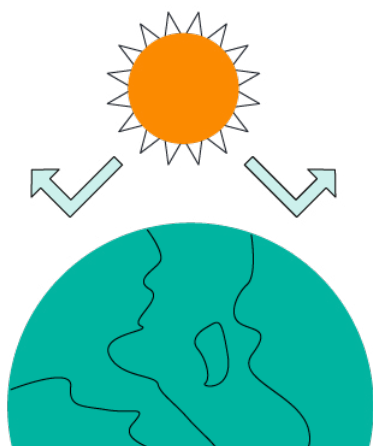
Adaptability, scalability, and mergers & acquisitions transactions

EHS operations — divisions, teams, key personnel, and the number of facilities and sites — can fluctuate constantly. EHS teams must be able to adapt and manage this added layer of complexity.

A digital foundation provides resilience to change, company growth, and the shock of dynamics like mergers and acquisitions (M&A) and divestitures. In a sustainable manner, an enterprise and its EHS team are then better able to handle complexities such as post-acquisition integrations, assessing the compliance status of acquisition targets, or providing due diligence documentation for divestment transactions.
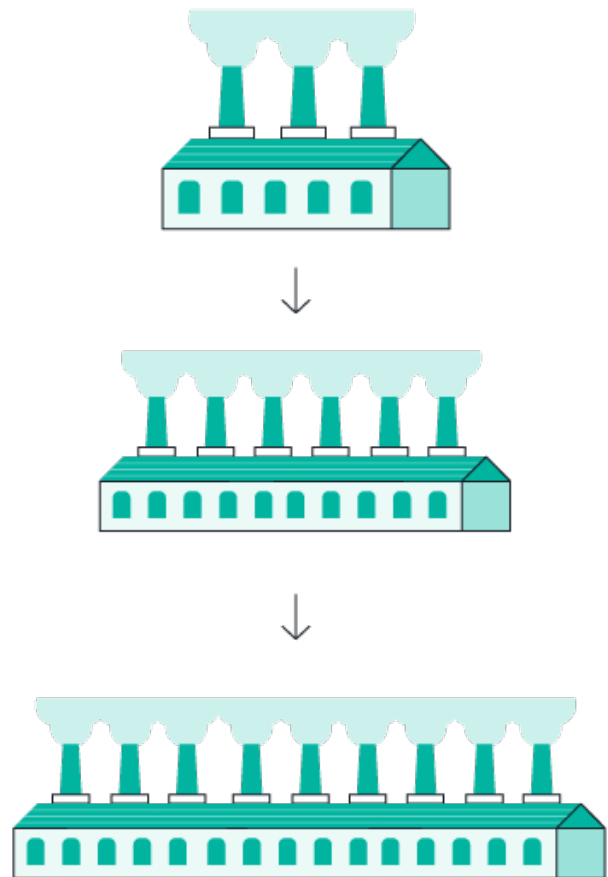
"Proactive" is a mindset

Proactive environmental compliance isn't just some new concept or buzz term.

For businesses and their EHS teams, it's a mindset — a commitment to do everything possible to avoid, minimize, and mitigate the many potential risks of non-compliance.

As the cornerstones to being proactive, digitization, visibility, collaboration, productivity and sustainability bring technology and people together to work in smarter ways. Ways that replace last-minute drills to track down information and compile reports that only invite non-compliance.

The goal is to instead prepare filings that are complete and accurate, to submit them on time, and to have total confidence in every compliance outcome.

That's the mindset of proactive environmental compliance.

"Are we 'proactive'?" **You decide.**
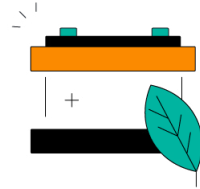
Measure where your enterprise, EHS team and environmental
compliance practices currently rate, and which areas can be improved.

PROACTIVE ENVIRONMENTAL COMPLIANCE CHECKLIST ↓

PROACTIVE ENVIRONMENTAL COMPLIANCE ASPECT	MATURITY RATING (1-5)	NOTES
☐ We've digitized our paper documents and forms to make compliance information easier to manage.	1 2 3 4 5	
☐ Our environmental team has implemented digital solutions that enable users to access data and information from anywhere.	1 2 3 4 5	
☐ We've eliminated data silos, and information is visible to those who need it, when they need it.	1 2 3 4 5	
☐ Knowledge sharing occurs frequently within and between departments.	1 2 3 4 5	
☐ Risk management is central to our environmental compliance programs, and we are routinely evaluating new and existing risks beyond just fines and penalties.	1 2 3 4 5	
☐ Environmental programs and processes are standardized across the organization to ensure compliance.	1 2 3 4 5	
☐ We have never missed a compliance reporting deadline.	1 2 3 4 5	
☐ We review and measure our environmental programs and processes frequently to ensure that they are working as designed and drive continuous improvement.	1 2 3 4 5	
☐ We leverage technology in a manner that aids in getting work done and helps ensure compliance without creating bottlenecks or more work for stakeholders.	1 2 3 4 5	
☐ We trust that our data that is reported to various agencies is accurate.	1 2 3 4 5	
☐ Operations and EHS teams view collaboration as a critical component to the success of our environmental programs and processes.	1 2 3 4 5	
☐ Knowledge transfer to new employees is timely and effective.	1 2 3 4 5	
☐ We have the tools and technologies we need to collaborate effectively.	1 2 3 4 5	
☐ Our use of environmental consultants is optimized to maximize the value to the organization.	1 2 3 4 5	
☐ Environmental SMEs are empowered to drive performance and change.	1 2 3 4 5	
☐ Our processes are centralized, standardized and repeatable across our operations.	1 2 3 4 5	
☐ We have the technologies we need to effectively measure performance of our processes and identify and address areas for improvement.	1 2 3 4 5	

SCORE
_____

Start on your trail to proactive environmental compliance

Basic Information
Regulatory
Products
Facility Contacts
State Information
Vertify & Submit

Vertify & Submit
Stacy Patterson will be certifying this report.

Full name of Certifier
Stacy Patterson

Title of Certifier
EHS Manager, KY

Date
Feb, 4, 2021

Submit

Fees paid!

ABOUT ENCAMP

Encamp is the environmental compliance management and reporting platform for today's EHS professionals.

Our solutions enable companies to proactively manage risk by aggregating and centralizing critical compliance data, streamlining workflows, and automating the submission of regulatory reports and filings as well as required reporting and registration fees where applicable.

Through a single pane of glass, you **streamline data collection**, **regulatory reporting**, and **filing fee management**.

Out-of-the-box, you manage environmental compliance end-to-end, including submitting reports to state and federal agencies. Your EHS users even onboard and adopt quickly with our intuitive interface and dedicated customer success, support, and implementation teams.

Learn more about Encamp

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