



# Multinational operators, safety management systems and enforcement

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# Multinational operators, safety management systems and enforcement

- Do multinational operators have a consistent approach to safety management across the EU?
- Do competent authorities have consistent requirements for the assessment of safety management systems across the EU?
- How can consistency and a high level of safety be improved?

# Do multinational operators have a consistent approach to safety management across the EU?

- The overall goals of the Safety Management System (SMS) are set out in the Major Accident Prevention Policy (MAPP). In this:
  - Responsibilities are defined,
  - Processes and procedures are developed,
  - Management audit and review carried out.
- It is expected that the parent company / head office has substantial influence on the MAPP and the structure of the SMS.

# Influences on consistent SMS

- History:
  - Mergers and acquisitions can lead to legacy cultures which diverge from that of the parent organisation.
- Production / activity diversity:
  - Some multi-national operators have very diverse operations at their establishments and may see them as individual businesses with their own individual cultures.
- Capabilities and competencies of individual establishments:
  - within a multi-national operator the individual establishments will have different sizes and due to their varying operations will also maintain different skill sets and capabilities, e.g. inspection, maintenance, risk assessment.

# Corporate Governance for Process Safety

- OECD has published guidance for senior leaders (including CEO) to address corporate governance for process safety.



# Corporate Governance and consistent SMS

- How much variance is possible between the individual sites of a multinational operator?
- Can a multinational operator maintain clear oversight of and responsibility for operations and still allow a wide divergence of behaviours and attitudes?
- To what extent are head offices of multinational operators aware of the local enforcement structure?
- What information is gathered , how is it understood and how is it used to influence responses?

# National and local enforcement

- Enforcement strategies within the individual Member States depend on the organisational structure of the competent authorities and the legislative structure within which they operate.
  - Whether the competent authorities are national authorities or local (regional) authorities (or a mixture of both).
  - Whether the competent authority is a single body or whether a number of different authorities are jointly or individually responsible for various aspects of the implementing regulations.
  - The degree to which the implementing regulations are prescriptive or descriptive (goal setting).
  - Whether the regulations are implemented within an environmental, occupational safety or civil protection framework, or combinations of these. Alternatively a separate “Seveso” framework may exist.

## **Challenges to achieving a consistent approach to safety management systems and enforcement**

- To ensure a consistent approach to safety management systems and an overall high level of safety throughout the EU there are certain challenges which need to be addressed by industry and competent authorities:



# Multinational corporations

- Multinational corporations should develop good corporate governance for process safety within the whole organisation. This should be reflected in an approach to the safety management system which whilst internally consistent is able to demonstrate to the competent authorities that compliance with the respective national and local regulations is achieved and that the goals of the SMS are effectively pursued.
- Multi-national operators should be aware that different organisational and regulatory frameworks may lead to different requirements for compliance being set in different countries across the EU. This should not lead to different levels of safety performance in different countries.

## Competent authorities

- Competent authorities need to ensure that they achieve and maintain competency in the assessment of SMS amongst their inspectors. This is a particular challenge as generally, although not exclusively, Seveso inspectors have a technical (engineering or natural science) education and are not always well informed about management and organisational issues.
- Competent authorities, that is both enforcement and policy sections, should where possible develop agreed enforcement strategies which are clearly understood, transparently communicated and are acted upon.

## Issues to be considered (1)

- How can the inspection at the local establishment take account of the multinational organisation and those elements of the Safety Management System which are rooted in the head office?
- How can inspectors identify the degree to which the local establishment and the head office maintain a consistent communication with regard to major accident prevention and identify a strong corporate governance in this regard?

## Issues to be considered (2)

- How can inspectors communicate better with each other within the European Union to share experience in dealing with multinational operators in general and where common operators exist with regard to specific operators? What are the barriers to this communication and what would the advantages be?
- How can consistency in performance by multinational operators be improved throughout the EU, together with consistency of the assessment by the authorities' inspectors. How can the level of consistency be identified and assessed?



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Thank you for your attention!



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