UNLOCKING THE BLACK BOX:
Finding the Keys to Environmental Performance
Businesses around the world are facing increased pressure to efficiently manage their emissions. Compliance is no longer enough.

While companies have been driven to comply with environmental regulations for decades, the sharpened focus on climate change from scientists, activists, and the public has heightened the reputational and financial risks of gaps in environmental accounting practices.

With an evolving regulatory landscape at the federal, state/province and local levels and fresh scrutiny on carbon footprints, environmental product declarations and product life cycle management, the complexity of managing environmental performance is greater than ever.

As the pace of change accelerates, infrequent, incomplete inspections and outdated, siloed data will simply not be enough. Already, these strategies are not enough. An estimated 2.78 million people die from work-related causes each year, and 374 million more people suffer from nonfatal occupational injuries. The loss of human life and quality of life is staggering.
Many businesses struggle to turn environmental data into meaningful action.

This is because Environment, Health, Safety and Sustainability (EHS&S) leaders are often stuck in the compliance stage when it comes to environmental accounting. Filing regulatory reports is a resource-intensive process, particularly for multinational corporations, and it can be difficult to get ahead of the reporting cycle.

However, businesses must surpass basic regulatory compliance to follow through on corporate sustainability pledges and address broader strategic initiatives. When companies stop at compliance, environmental data is locked away in a proverbial “black box,” preventing access to insights that can inform strategic action.

Here are three keys to unlocking the value of your environmental data:
1. Increase traceability.

Creating a single, traceable system for environmental accounting can help businesses predict performance and rapidly intervene to mitigate risk. It can also create a sense of accountability on the frontline. Many forward-thinking businesses use environmental accounting data to motivate teams and individuals to engage with corporate initiatives and improve compliance. Some businesses create incentives for compliance-related tasks and track key performance indicators on scorecards to gamify the process. Other industry leaders even link bonuses to progress toward company environmental goals. This proactive approach can lead to bottom-line improvements, but requires a holistic and uniform approach to data collection and analysis.
2. Improve transparency.

Collecting the data and filing the reports, is not enough. When businesses can model emissions calculations and navigate raw measurement data in real-time, they can make faster, better decisions that reduce costs and environmental impacts throughout their operations.

Without this transparency, companies are limited in their ability to identify upstream and downstream environmental impacts, pinpoint areas for improvement and measure success. Armed with this data, EHS&S leaders can contribute more accurate and applicable insights to corporate sustainability efforts including identifying environmental risks and setting meaningful, ambitious and achievable environmental performance goals.
3. Build trust.

When businesses cannot articulate what actions they are taking toward accomplishing their environmental goals, they risk damaging the company’s reputation. The annual Edelman Trust Barometer showed the public sees businesses in 2020 as competent, but not ethical. When it comes to building trust, ethics matter more than competence, according to the survey.

Businesses have a major opportunity to build trust by delivering on environmental commitments. Reporting progress toward environmental goals builds brand equity and attracts new customers and investors, contributing to stronger top-line growth. Businesses with higher social capital also build trust with government entities, resulting in less resistance to growth in foreign countries; as well as better relationships with suppliers, partners and talent.
Investing in environmental accounting beyond compliance is no longer optional for businesses seeking to maximize top-line growth, mitigate risk and create efficiencies throughout the product life cycle.

The next step is to leverage tools to transform data into information.
Here is how SpheraCloud Environmental Accounting can help **unlock the black box**:

- **Collect data your way**: Efficiently capture accurate information by tailoring data collection to company processes using defined forms, automated batch processing and manual drag and drop functions.
- **Unlock the black box**: Standardized emissions data flows from across the organization into a single, traceable corporate system of record for emissions, operations and compliance.
- **Calculate emission data**: Standardized emissions data flows from across the organization into a single, traceable corporate system of record for emissions, operations and compliance.
- **Report on the data**: Build reports and access data directly to support annual emission inventory reporting, greenhouse gas reporting, and any other compliance or corporate reporting.
- **Diagnose anomalies**: Identify erroneous data and areas for improvement with advanced analytics that can also illustrate the impact on calculations.

Build reports and access data directly to support annual emission inventory reporting, greenhouse gas reporting, and any other compliance or corporate reporting.
When you unlock the black box, the potential for your environmental performance program has no bounds. Your organization will move from compliance to performance, creating value across the organization and reducing your compliance and sustainability risk. Through tracking, transparency and trust, your sustainability program will truly begin to shine.
ABOUT SPHERA
Sphera creates a safer, more sustainable and productive world. We are a leading global provider of Environmental, Social and Governance (ESG) performance and risk management software, data and consulting services with a focus on Environment, Health, Safety & Sustainability (EHS&S), Operational Risk Management and Product Stewardship.

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