



# EHS & Sustainability Staffing, Structure and Budgets

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## Executive Summary



When you're a corporate leader for environment, health and safety (EHS) and sustainability, you're not only responsible for creating a vision, setting priorities and advancing programs, but you're also called upon to ensure that your function has the resources it needs to be effective. As a professional association, NAEM is committed to providing our members with the resources they need to make decisions about these critical business questions.

This report is designed to help companies decide what size and composition of EHS&S staff is right for them.

The comprehensive analysis in this report offers a unique look at the organizational design, reporting structure, staffing levels and budgets of EHS&S functions from more than 190 companies. This is the only benchmarking report available that was designed by a committee of peer leaders to help those who are at the helm benchmark their organizations by industry, annual revenue, total headcount and level of operational risk. The results also document the scope of the EHS&S function across more than 60 core responsibility areas, looking at both leadership involvement as well as top areas of collaboration and participation.

Having conducted this research since 2004, we can see that the profession's role continues to grow ever broader and more complex. While the EHS&S function consistently provides leadership in areas of risk mitigation and compliance management, it is now deeply collaborative with other functions in areas such as: procurement standards, green construction and energy efficiency projects. What makes this even more complex is that the EHS&S function is often responsible for designing programs without being directly accountable for executing them, just as EHS&S may bear accountability for programs it cannot directly assign. The grey areas at the margins of the function, therefore, are as critical to understanding the role and impact of the function as the activities that fall squarely within the box.

And while every company will design its EHS&S function to reflect its own operations, what this report demonstrates is the enduring value of EHS&S professionals to ensuring environmental protection, workplace safety and corporate sustainability.

On behalf of NAEM, I am proud to share this latest benchmark with you, which I believe you'll find to be a trusted resource for your decision-making.

Sincerely,



**Carol Singer Neuvelt**  
**Executive Director**  
**NAEM**





# Executive Summary

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NAEM developed this benchmark to meet the needs of those who are responsible for designing EHS&S functions, creating staffing plans and establishing annual EHS&S budgets. This report provides in-depth data from more than 190 companies from across industry sectors to inform decisions on:

- Reorganizing after a merger or acquisition
- Evaluating your staffing levels relative to your company's revenue, headcount and level of organizational risk
- Assigning responsibilities across your EHS&S organization
- Understanding how to integrate EHS&S into your company's operations
- Setting salaries for EHS&S leaders
- Establishing annual budgets

The full report contains more than 70 charts and figures that allow you to benchmark with peer companies on:

**Types of EHS and Sustainability Departments:** This section documents the types of organizational units represented among the responding companies, cross-tabbed by both revenue and headcount. It also offers insight into where the EHS and sustainability functions report within a company, as well as their executive-level visibility. The charts in this section are based on both the full respondent pool as well as segmented data based on the respondent's function. This section also includes a detailed analysis of the responses from 'multi-business conglomerates' and 'holding companies' for the purposes of understanding their unique structure.

**Staffing Levels:** This section provides a benchmark of staffing levels within EHS&S functions, as well as how EHS&S employees are distributed throughout different levels in the company. The analysis offers a look at the levels of EHS staffing by company size (both annual revenue and total number of employees.), industry, company type and risk. This data is presented as both an average and a median.

**The Scope of the EHS and Sustainability Functions:** For the purposes of documenting the extent of EHS collaboration with other functions, the survey asked respondents to indicate whether the function 'leads,' 'collaborates' or 'participates' in the activity. This analysis provides a nuanced look at the roles and responsibilities of the EHS and sustainability functions.

**Budgets:** The charts in this section reveal budget benchmarks by annual revenue, industry, company type and level of risk. They also reveal how the budget is distributed across categories of spending and changes in EHS&S budgets versus prior fiscal year.

**Salaries:** The salary data includes a look at annual base salary and total compensation overall, as well as average salary by industry.

The following outlines a few key insights from the results:

## Combined EHS&S Functions are Now Common at the Corporate Level

As sustainability continues to mature as a business management approach, 32 percent of respondents' companies now have a function that combines EHS with sustainability at the corporate level. This is almost on par with those whose companies have a combined EHS function (37%). Corporate-level 'stand-alone sustainability' functions were less common (28%), but still more prevalent than 'stand-alone environment' (16%), or 'stand-alone health and safety' (22%) functions. Altogether, 59 percent of respondents had a function that combined EHS at the corporate level.



## Sustainability has Greater Visibility at Leadership Levels of a Company

While ‘stand-alone’ sustainability functions most commonly report into operations or legal functions, they also have strong visibility to the C-Suite, and among respondents, 17 percent report directly to the board of directors. Consistent with that high-profile stature, almost 70 percent of ‘stand-alone sustainability’ functions have a vice president, compared with only 48 percent among EHS functions.

The presence of sustainability function also bolsters the visibility for combined EHS&S and combined environment and sustainability functions, too. According to the data, 15 percent of combined EHS&S functions report to the CEO, and 8 percent report to the board of directors; 25 percent of environment and sustainability functions report to the CEO, while eight percent report to the board of directors. These numbers are dramatically higher than those for EHS functions alone: Only 5 percent of EHS functions report to the CEO, while none of the survey respondents in those functions reports to the board.

### Top Reporting Structures for EHS by Function

|                    | Combined EHS & Sustainability (N=60) | Combined EHS (N=58) | Combined Environment & Sustainability (N=12) | Stand-alone Environment (N=17) |
|--------------------|--------------------------------------|---------------------|--|--------------------------------|
| Operations         | 18%                                  | 28%                 | 8%   | 18%                            |
| Legal              | 17%                                  | 17%                 | 17%  | 24%                            |
| CEO                | 15%                                  | 5%                  | 25%  | 6%                             |
| Human Resources    | 12%                                  | 7%                  | 0%   | 6%                             |
| Supply Chain       | 5%                                   | 10%                 | 8%   | 0%                             |
| Board of Directors | 8%                                   | 0%                  | 8%   | 0%                             |
| Shared Services    | 2%                                   | 3%                  | 0%   | 12%                            |

## Risk Drives Staffing

The strongest determinant of how companies staff their EHS&S functions appears to be their level of operational risk. Although this remains a subjective assessment, the research demonstrates that those companies in higher risk industries tend to have higher staffing benchmarks, regardless of revenue size and overall headcount. This finding bears out with how companies are budgeting for EHS as well: the higher the risk, the greater the spending.

## Larger Companies and Multi-business Conglomerates Benefit from Efficiencies of Scale

Overall, the smaller the company in terms of annual revenue, the more it budgets per employee on EHS. Companies with between \$1 and \$10 billion USD spend almost five times as much for EHS as their peers with more than \$50 billion in revenue.



## EHS Staff are Concentrated at the Corporate and Facility Levels

Looking at the staff benchmarks by the level within the company, the ratios seem to be concentrated at the corporate and facility levels. This is particularly true of ‘professional’ staff members and those within ‘management.’ This pattern tends to hold true regardless of the level of risk, with the highest staffing ratios among those at the high-risk end of the spectrum.

## The EHS Function Collaborates with Others in Every Activity

Even among the top activity areas for the function, between 20 and 30 percent of respondents are collaborating with others to perform their role. This underscores the traditional role of the EHS function as inherently cross-disciplinary, as well as the trend toward integrating EHS culture into all aspects of a business’s operations.

### Top Activities for EHS Collaboration

| % Collaborate | Activity                                     | N   |
|---------------|--|-----|
| 77%           | Vehicle emissions reduction                  | 30  |
| 75%           | Procurement standards                        | 40  |
| 74%           | Green construction                           | 27  |
| 70%           | Building energy efficiency                   | 61  |
| 70%           | Renewable power purchase/installation        | 23  |
| 69%           | Stakeholder engagement                       | 67  |
| 68%           | Alternative energy projects                  | 57  |
| 68%           | Conservation initiatives                     | 59  |
| 66%           | Employee engagement                          | 116 |
| 66%           | Supply chain engagement                      | 71  |
| 66%           | Employee volunteerism                        | 59  |
| 64%           | Philanthropy initiatives                     | 25  |
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| 62%           | Alternative energy vehicles & infrastructure | 21  |
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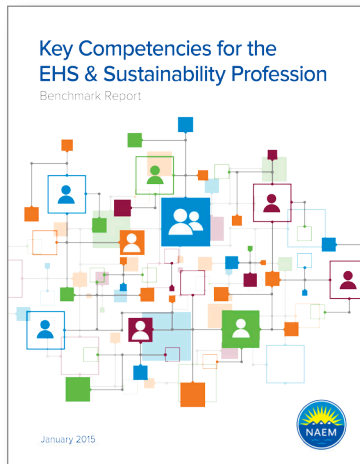
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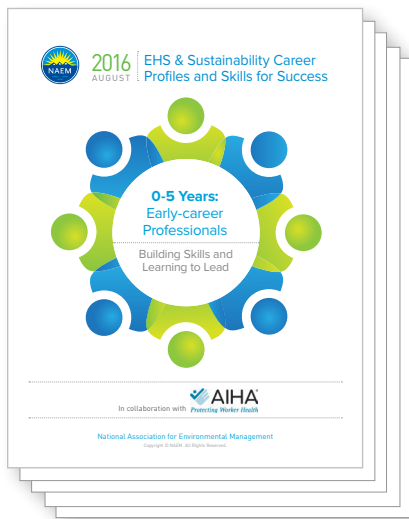
## Learn more about NAEM's Research Series on the Management of the EHS&S Function

NAEM's landmark series on the Management of the EHS&S function is a comprehensive research portfolio on how companies design, budget and staff their EHS&S function. If you are seeking to benchmark the skills, attributes and competencies that EHS&S professionals need, consider purchasing another publication from this suite today.



*Key Competencies for the EHS & Sustainability Profession* looks at the skills and knowledge areas that are necessary to achieve the business objectives of the EHS&S function. *Key Competencies* provides a detailed portrait of the diverse capabilities of the EHS&S professionals who are leading a broad range of regulatory compliance and sustainability activities for their companies:

[http://www.naem.org/?survey\\_2015\\_competen](http://www.naem.org/?survey_2015_competen)



NAEM's *EHS&S Career Profiles and Skills for Success* report is designed to be an in-depth guide to those who are interested in advancing their own careers, and an essential resource for EHS&S hiring managers and training leaders. The report examines how EHS&S professionals use their skills and knowledge in their work, as well as the behaviors, attributes and factors that professionals credit for their effectiveness, and includes detailed snapshots of professionals at each level of their career:

- 0-5 Years: Early Career Professionals: Building Skills and Learning to Lead
- 6-10 Years: Advancing Managers: Increasing Responsibility and Specialization
- 11-15 Years: Emerging Leaders: Refining the Career Path and Expanding the Sphere of Influence
- 16-20 Years: Advancing Leaders: Accountability with a Global Reach
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## About NAEM

The National Association for Environmental Management (NAEM) empowers corporate leaders to advance environmental stewardship, create safe and healthy workplaces and promote global sustainability. As the largest professional community for EHS and sustainability decision-makers, we provide peer-led educational conferences, benchmarking research and an active network for sharing solutions to today's corporate EHS and sustainability management challenges. Visit NAEM online at [www.naem.org](http://www.naem.org).