Management of Internal Obligations Survey

by Nimonik
Internal Obligations are requirements that your organization has imposed on itself.

In contrast to External Obligations which are imposed by a third party (i.e. Government), Internal Obligations are generated through the activities you engage in.

Examples include:

- corporate policies,
- permits,
- contracts,
- stakeholder engagements and,
- other agreements you have chosen to adopt.

This survey is based on 79 responses from compliance professionals around the world.
The survey

In December 2020, Nimonik surveyed 79 compliance and risk professionals from medium and large organizations to better understand how they are managing Internal Obligations.
Executive Summary

Organizations are struggling to manage and communicate their Internal Obligations.

50% of organizations plan to improve their Internal Obligations program this year.

55% are still using Word, Excel and documents to manage Internal Obligations.
Survey results
Are you familiar with the concept of Internal Obligations?

79 responses

- **79.7%** Yes
- **11.4%** Unsure
- **6.8%** Maybe
- **2.1%** No
Our management of internal obligations is driven by

- ESG (Environment, Sustainability, and Governance) requirements
- GRC (Governance, Risk and Compliance) requirements
- Social License to Operate
- Regulator License to Operate
- Stakeholder Obligations
- Risk
- Other
How do you manage obligations from permits, contracts, stakeholder engagements and internal corporate documents?
We are 100% confident that we are managing our internal obligations effectively:

79 responses

No Confidence | 100% Confidence
---|---
1 | 1 (1.3%) | 33 (41.8%)
2 | 2 (2.5%) | 27 (34.2%)
3 | 16 (20.3%)
We anticipate internal obligations becoming more important in the next 1-3 years:

79 responses

- Totally Disagree: 0 (0%)
- 1: 0 (0%)
- 2: 0 (0%)
- 3: 9 (11.4%)
- 4: 34 (43%)
- 5: 36 (45.6%)
We believe that our current compliance systems and tools are capable of helping us meet our internal obligations:

79 responses
We manage internal obligations with less rigour as compared to external obligations:

79 responses

- 55.7% Yes, we manage internal obligations with LESS rigour
- 8.9% No, we manage internal obligations with MORE rigour
- 35.4% Both internal and external obligations are managed with EQUAL rigour
If you could easily extract Internal Obligations from documents - Would it help you manage Internal Obligations better?
Is compliance viewed as a cost or an investment for your organization?

- Investment
- An obligation - neither a cost nor an investment
- Cost
- Cost at the moment. Cost of injuries are our indicator for financial impact.
- Unsure
- Different stakeholders view it differently
- both a cost and an investment
We are planning to improve our systems and tools to manage internal obligations in the upcoming year.
Comments from compliance and risk professionals
Participants mentioned how difficult it is to manage Internal Obligations

“It is a difficult task.”

“It can be overwhelming”

“Would be easier if all in one place”

“What gets measured gets improved”

“Proper documentation and keeping track of records to keep improving”
Various comments mentioned the need for a systematic approach to Internal Obligations management.

“We require a more systematic approach.”

“Prioritize obligations based on risk”

“Internal controls are critical to compliance”
Various comments spoke about need for management and executive leadership

“Our internal obligations, at this moment are changing rapidly, we want to support our staff in a strong way in the face of the COVID pandemic”

“Culture makes difference esp. when internal obligations come to CEO's desk.”

“From Top Management it should be demonstrated that Internal Obligations are a priority and tools should be designed as such.”

“I wish these were seen as investments by the executive team; it is hard to make a case when internal obligations are seen as costs only.”
“Confidence between the co-workers is the main topic to have a great management of internal obligations”

“You must have buy-in from the employees”

“Better communication about these obligations”
Conclusion: Current practices are not sufficient

Organizations are under tremendous pressure to operate responsibly, achieve profitability and stay in compliance.

More and more obligations from corporate, government and stakeholders

Local staff with limited tools cannot effectively manage obligations

- Extraction, identification and analysis of obligations
- Risk analysis, control measures and action items
- Close out action items and identify next steps
- Limited resources using Excel and Word files
A framework and solutions for management of Internal Obligations
Successful Compliance Programs

Successful compliance programs require three key elements:

- Centrally managed compliance
- Software solution
- Comprehensive Compliance approach
These three elements will allow an organization to progress on the Compliance Maturity scale.
### Compliance Maturity

**Reactive**
- Focus on putting out fires
- Organization reacts to EHS, Quality and Compliance issues as they arise. People and teams respond only when there is a immediate problem.

**Inconsistent**
- Piecemeal approach
- Some process and systems are in place. Most facilities or business units are independent and do not share best practices or systems.

**Minimal Management**
- Supervisor led
- Systems are in place and training is mandated. Most of the issues are pushed by supervisors and reports identify problematic areas. General staff do not feel a strong responsibility for compliance.

**Integrated**
- Team based compliance
- All members of the organization believe that compliance to standards and regulations is good business. Strong comprehension by all of policies and procedures. Easy access to data and software that empowers teams.

**ProActive**
- Forward Thinking
- Meet with stakeholders and regulators. Conduct continuous improvement of compliance program.
Most organisations do not know **all** of their obligations, leading to “surprises”...

A typical Facility has **3,000 Compliance Obligations** and **200 new ones per year**.
When do you discover surprises?

Solve early!
Adjust plans well before you invest money and time!

Repurchase materials and support
Even higher cost to purchase new materials and make changes to equipment and systems.

Production
Disruption to production
Interrupt regular production, replace staff, equipment or systems, potentially halt production or slow it down.

Deadline
Ouch!
Rework projects, materials and people. Major cost overruns and lost revenues.

Project Planning
Re-Engineering
Higher costs to re-train and redesign system

Implementation
Product Testing
Disruption to production

Implementation
Successful Compliance Programs

A key factor for success is a ‘Comprehensive Compliance’ approach

Centrally managed Compliance
Software solution
Comprehensive Compliance approach
Modern organisations eliminate surprises with Comprehensive Compliance
A Comprehensive Compliance program captures all of your **Obligations** across your **Issues**:

environmental, safety, hr, ohs, product,...

and **Sources**

regulatory, standards, contracts, permits, stakeholders, customers,...

and enables timely management of **Actions** and **Audits**.
Compliance helps prevent problems before they occur.

1. Obligations
2. Actions
   - Actions taken?
   - Actions effective?
3. Audits
Path to Resilience

01
Comprehensive Obligations
• 360° Coverage
• Mandatory and Voluntary
• Obligations Mapping

02
Comprehensive Assurance
• Always Audit Ready
• Comprehensive Audit
• Performance Assessments

03
Business Outcomes
• Increased Trust
• Reduced Risk
• Less Surprises
Traditional Compliance Approaches

In-house
- Inconsistency
- Loss of institutional knowledge
- Time consuming

Consultants
- Compliance gaps
- Variability in work
- Expensive

Software + content + consultants
- Integration is complex
- Expensive to build & maintain
Nimonik Solution Architecture

**Obligations**

- **Document Level Compliance Obligations**
  - 400,000 Laws, Regulations and Standards
  - Your internal documents

- **Clause Level Compliance Obligations**
  - 150,000 specific Obligations
  - Extracted obligations from your documents

**Actions**

- **Actions Dashboard**
  - Actions when obligations change
  - Actions you create
  - Actions from your documents

**Audits**

- **Web & Mobile Audits**
  - Inspect & collect evidence
  - Actions taken?
  - Actions effective?
Continuous **Comprehensive Compliance - Nimonik Implementation**

**Plan**
- Identify Obligations with Questionnaire & Workshop

**Act**
- Follow-up on Non-Compliance and OFI

**Check**
- Audit compliance on a regular basis

**Continuous Improvement**
- Select obligations & personalize the system
- Map responsible people
- Monitor for changes
- Establish your process
Four Key Benefits of Compliance with Nimonik

Create essential compliance records to prove Due Care Process

Rapidly report to management and colleagues

Centralize your internal & external compliance obligations and personalize the system

Facilitate collaboration across the business
Nimonik can help you achieve ‘Comprehensive Compliance for Internal and External obligations.’

To learn more, book a free consultation

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nimonik.com | +1-888-608-7511 | info@nimonik.com