



WORLD QUALITY WEEK – FROM COMPLIANCE TO PERFORMANCE IN RESPONDING TO CLIMATE CHANGE

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World Quality Week takes place every November. This global campaign raises awareness of the benefits of organisations taking a quality management approach to their operations.


This year's theme is **Quality: from compliance to performance**. The timing couldn't be better for those of us working with Federal Government. We're now in Quarter 2, 2024-25, so we've had sufficient time settling into our Corporate Plans, we've finalised our Annual Reports and we are heading towards MYEFO. So how can our corporate documents lift and shift us to achieving high performance? Could a quality management approach be the solution?

Our Roles in Responding to Climate Change

One of our current challenges is how organisations are adapting to climate change. The Government's push to net zero is also front of mind for many agencies. For those organisations certified or seeking certification under ISO 9001, there is a new requirement in the standard to consider the impacts of climate change as an internal or external factor. This amendment has been effective from 22 February 2024 and aims to integrate climate change considerations into management systems – not only quality management systems under ISO 9001, but also environmental management systems under ISO 14001 and work safety management systems under ISO 45001 (which are the three most widely recognised standards in the world).

Under ISO 9001 organisations are now required under clause 4.1 to assess the impact of climate change on operations to “understand the organisation and its context.” If climate change is identified as relevant to the quality system, it should be treated like other internal or external factors and included in the assessment of risks.

This imperative to address environmental concerns adds another layer of complexity to our operations and this of course, coincides with the Federal



Government's reporting requirements regarding climate change, including the Commonwealth Climate Disclosure requirement to publicly report exposure to climate risks and opportunities and actions to manage them. Under this policy, Commonwealth entities and Commonwealth companies must disclose climate-related information in their annual reports.

An additional amendment to ISO 9001 reinforces this through a new note to clause 4.2 that states "relevant interested parties can have requirements related to climate change." While this note does not impose extra requirements, it clearly links the ISO 9001 standard to the requirements of interested parties, such as the Government, regarding climate change disclosures.

With that in mind, we should consider how quality management principles and methods allow organisations to respond, creating a culture of process improvement. Quality management can be associated with tools, processes, controls and governance. These elements are all-important, but an organisation's culture is what will nurture innovation and continuous improvement to achieve high performance. Quality principles and methods not only ensure compliance but also foster learning and agility, to allow organisations to adapt to change more effectively and drive performance excellence.

Act Now

While some organisations will need to be more agile than others when it comes to adjusting for climate change impacts and fulfilling reporting requirements, there are some simple things you can do now to assess your organisation's position:


Consider how climate change may affect your organisation

It's important to consider both direct and indirect implications. Some direct implications include changes in weather patterns, rising water levels and government-imposed restrictions that may have an impact on the goods and services that are outputs of your organisation. You may need to adjust how you support human resources, change your physical infrastructure, and start capturing data about climate change related performance.

Indirect consequences may include the introduction of new technologies, shifts in the behaviours of the public and the potential for business disruption as a result of changing weather patterns. You may also experience changes in your supply chain and consumer behaviours.

Assess your risks and opportunities

Remember that not all impacts of climate change need to be negative. As we said above, a quality approach encourages innovation, and climate change may well present the catalyst for designing new practices that create efficiencies and take



advantage of new technologies. It may also be an opportunity for a reputational boost for your organisation. Over three quarters of Australians[1] (78%) are worried about climate change and extreme weather events in Australia. Climate action by your organisation may have a positive impact on the way the public responds to your organisation.

Develop an action plan

You may need to update your policies and procedures (including to cover the requirements of clause 4.1), develop and implement training for personnel, incorporate climate change into the governance of decision-making, put in place practices to enable the capture of climate change data, and implement reporting procedures.

If your organisation is ISO certified, auditors may seek evidence that you have considered the issue of climate change. To provide this evidence, we recommend you demonstrate climate change consideration in your organisation's documentation including by documenting the actions you are taking (your action plan), be transparent with internal and where appropriate, external, audiences about those action plans and ensure they are maintained and kept up to date to reflect the current state of your activities.

Recognise that climate change will involve continuous improvement

Risk assessment and actions relating to climate change impacts will not be a once-off activity. You may need to develop strategies and build performance targets that are reflective of an increasing maturity as your organisation learns to adapt to climate change.

Drive performance

Here are some top tips from the Chartered Quality Institute[2] to harness a quality management approach to drive performance:

1. **Embrace innovation:** Don't just meet compliance standards; leverage quality management to drive innovation and stay ahead of the curve.
2. **Manage risks proactively:** Identify and mitigate risks associated with digital transformation and other strategic initiatives to ensure long-term success.
3. **Focus on sustainability:** Integrate sustainability into your quality management practices creating products and services that are environmentally and socially responsible.
4. **Promote a learning culture:** Encourage continuous learning and improvement within your organisation to adapt to changing market conditions and customer needs.

What's Coming Next in the World of Quality Management?

Some emerging quality management issues which may well form part of the next amendment to the ISO standard (expected for 2026 implementation) include:

- A change in the focus on customer satisfaction to a broader concept of 'customer experience';
- Integrity and ethics in decision-making;
- Increasing customer expectations of organisations to deliver sustainable innovation where promoting good operational governance, assurance and improvement will support delivery safely and confidently; and
- AI, digitalisation and automated decision-making, which present both opportunities for performance enhancement and risks for many organisations.

Why Choose Sententia?

At Sententia Consulting, we believe that quality management provides organisations with a framework that is valuable in supporting improvements in operations to achieve high performance.

We understand that not all organisations are pursuing ISO certification, and we take a pragmatic approach to support organisations to implement quality practices that are fit for purpose. We can help you stay compliance and future-ready with our expertise.

If you are interested in learning more about how Sententia can help you, please see www.sententiaconsulting.com.au or email us at sententia@sentcon.com.au.

[1] www.climatecouncil.org.au from a recent survey conducted in March 2024.

[2] <https://www.quality.org/WQW24>

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