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The risk of falling off the truck

By Gerry Zack, CCEP, CFE, CIA

A recent news report reminded me of how difficult it can be to manage compliance and environmental, social, and governance (ESG) risks. You may have seen the report: a tiny capsule the size of a small coin fell out of a truck in transit to its destination in Australia.^[1] Normally, this wouldn't cause much concern. But this capsule contained radioactive material, and it fell out somewhere along a 22-mile stretch of highway. Uh-oh!

It's believed that a screw came loose inside the container that held the capsule, allowing it to fall through a hole and eventually land on the ground. Handling the capsule for any length of time could have caused a person to have significant health issues. Fortunately, a frantic and extensive search resulted in the capsule's proper recovery.

The compliance issues here are obvious. There are safety requirements for how such materials are to be transported. But would a screw coming loose violate the compliance requirement? At this point, it's unclear.

What about ESG expectations? At a minimum, it's a reputation-damaging event for all parties involved. Between the potential environmental hazard such an event could pose and the health risks to people, this could have had huge adverse effects.

So, what are the lessons? One of many things the management of compliance risks has in common with managing ESG risks is the benefit of diving into the details of processes when gaining an understanding of a risk area—particularly one with such potentially significant compliance and environmental consequences. ESG risk goes far beyond reporting, even though that seems to be where everyone's attention focuses.

And just like with identifying and assessing compliance risk, developing strategies around managing ESG risks need to dive into the weeds by exploring *how* risk events could occur. Simply listing risk events and jumping straight to assessing likelihood and impact skips an important step, one which helps in both estimating probability of the event and identifying weaknesses in controls and processes along the way.

Whether someone should have identified the risk of a screw coming loose isn't really the point here. What's important is to evaluate processes to improve the reliability of the ESG or compliance risk assessment. Get in the weeds a bit.

I wonder if they found the capsule in the weeds. That would be too good!

¹ Julia Jacobo and Mary Kekatos, "Radioactive capsule found in Australia could have been deadly with prolonged exposure, expert says," *ABC News*, February 1, 2023, <https://abcnews.go.com/International/radioactive-capsule->

[lost-australia-potentially-deadly-prolonged-exposure/story?id=96789463](#).

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