

EH&S Regulatory Compliance as the Foundation for Corporate Social Responsibility and Sustainability:

Trends and Initiatives across the Supply Chain and into the Boardroom and C-Suite

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President & CEO
3E Company
AHMP 2009 San Diego
August 31, 2009**

3E Company



- Leading provider of EH&S compliance and risk information management solutions
 - Most comprehensive global EH&S domain knowledgebase
 - Professional EH&S expertise
 - Rich content across multiple databases
 - Unique EH&S business rules and best practices
 - Provider of Choice offering:
 - Broadest range of services
 - Delivered in multiple formats and platforms
 - That meet the unique needs of our diverse customer base of more than 7,000 customers across 75,000 global locations
 - 24 - 7 - 365
 - Global capabilities and presence
-

Agenda



- Relevant trends in EH&S compliance that directly impact Corporate Social Responsibility (CSR) and sustainability
- Sustainability initiatives
- The link between compliance and sustainability
- Compliance in the Board of Directors and C-Suite



Key Takeaway Points



- Key compliance trends impacting your job
 - The massive growth in sustainability and CSR initiatives
 - Applying a full lifecycle/supply chain approach to both compliance and CSR
 - EH&S regulatory compliance initiatives as a top priority for the Board of Directors and C-suite
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Key Industry EH&S Trends



- EH&S compliance initiatives now have much higher visibility
- Regulatory costs of non-compliance now recognized
- Pro-active compliance now managed as an image and brand issue



Key Industry EH&S Trends (continued)



- Environmental regulatory compliance is the baseline for sustainability and CSR initiatives
 - EH&S regulatory compliance has increased executive mindshare
 - New regulatory frameworks such as GHS and REACH are critical to corporate globalization plans
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Analyst Observations: Complexity and Lifecycle/Supply Chain



"Firms have to manage ... the full spectrum of operations throughout the entire lifecycle of their products and facilities, from R&D through transportation to customers—and increasingly to end of life and disposal."

"...environmental compliance requirements dwarf SOX in their breadth, scope, and sheer complexity."

- Simon Jacobson, Research Director, AMR Research

Trends in EH&S Compliance: Increased Enforcement



- New U.S. Administration making environment a top priority
 - Enforcement of REACH throughout EU
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U.S. EH&S Compliance Incidents



“The Big Ones”

- Polymer Manufacturer: \$1.7M civil penalty + \$500M costs
 - Specialty Chemical Company: \$250M
 - National Retailer: \$8.65 M
 - Gas Pipeline Company: \$3.3M
 - Pharmaceutical Company: \$3.65M
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EH&S Compliance Incidents (continued)



“The Medium-Sized Ones”

- Multiple Home Builders: \$1.4M, \$1.18M, \$877K, \$795K
 - Pulp & Paper Company: \$900,000
 - Shipping Company: \$500,000
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EH&S Compliance Complexities



FACT: compliance is becoming even more complex.

- Challenge of globalization
 - Changing regulatory landscape
 - Overwhelming number of agencies with varying regulations
 - International
 - REACH (Registration, Evaluation, Authorization and Restriction of Chemicals)
 - GHS (Globally Harmonized System)
 - Federal
 - OSHA, DOT, EPA, DOJ
 - State
 - Especially CA
 - Local
 - County and City authorities
 - Products have varying degrees of hazards and classifications
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Sustainability: Increased Media Interest



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Careers Corporate Citizenship Governance Managing CEO Network CMO Network ForbesWoman Thought Leaders

Corporate Citizenship **The 100 Best Corporate Citizens**

Lisa LaMotta, 03.06.09, 12:01 AM EST

These businesses are setting the bar for corporate social responsibility.



In Pictures: Tips For Making The Most Of Your CSR Program

With the nation and world in the depths of recession, companies are trying harder than ever to become more efficient, keep their remaining employees happy and have the right current policies for a healthy, prosperous future.

Corporate Responsibility Officer magazine has looked at the largest publicly traded companies in the U.S.--based on the Russell 1000 Index--to produce its tenth annual 100 Best Corporate Citizens List. These companies are doing all they can to bring their shareholders more value and make sure they are running places where employees are proud to work.

In Pictures: Tips For Making The Most Of Your CSR Program

Compliance Drivers



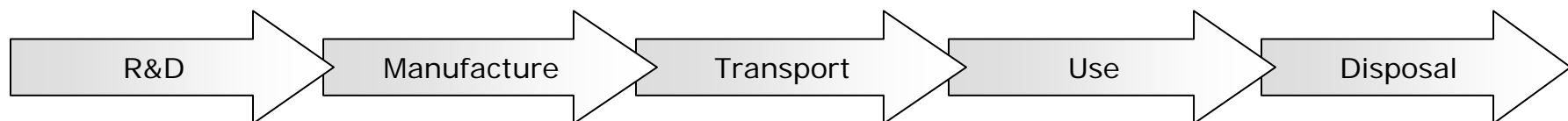
- Creating a safe place to work
- Making, using and selling safe products
- Eliminating fines and penalties
- Environmental safeguarding
- Sense of personal/corporate responsibility
- Personal liability



The Greater Good: Moving beyond compliance



- Key elements of a sustainability/CSR programs include:
 - Environmental responsibility
 - Worker/workplace safety
 - Transparency of actions throughout product lifecycle and supply chain

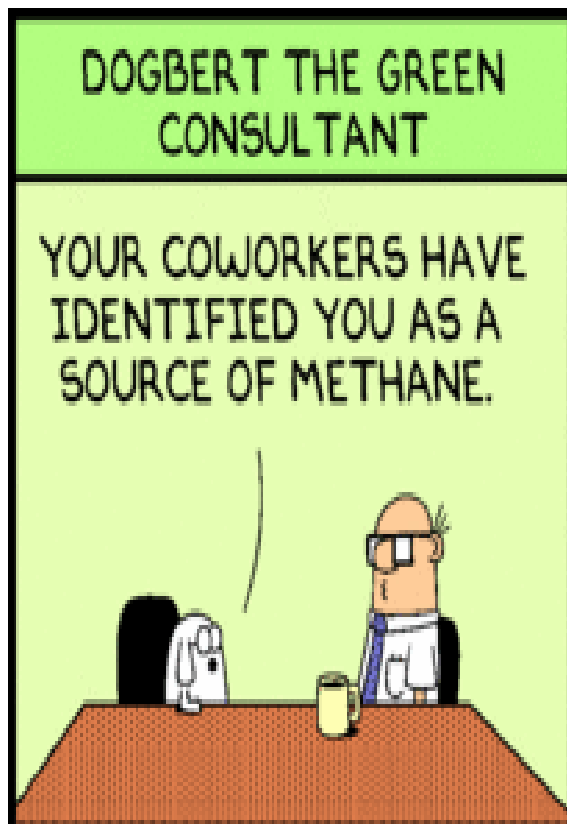


Sustainability: A Corporate Imperative

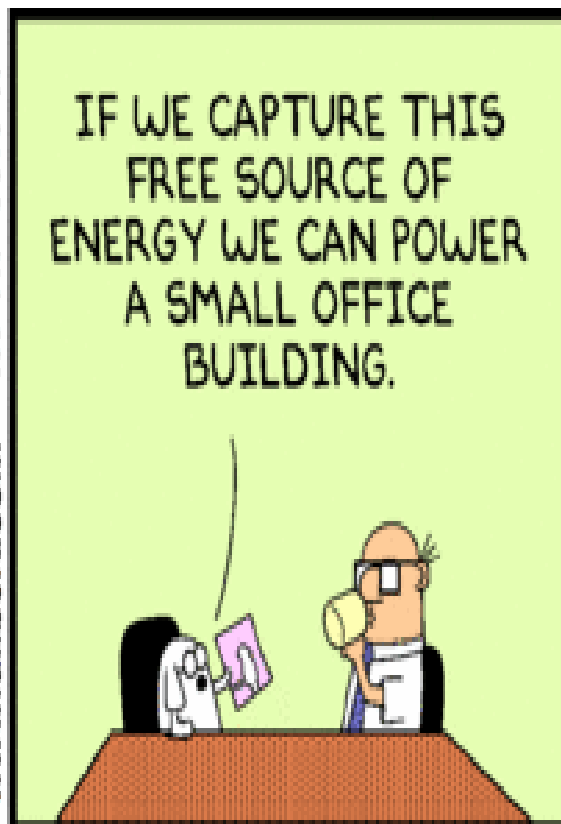


- Corporate Citizenship
 - Corporate Sense of Responsibility
 - Financial
 - Environmental
 - Social
 - Sustainable Development
 - The Triple Bottom Line – People, Planet, Profit
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Converting sustainability problems into green benefits



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Increased Consumer Interest

Many Companies And Governments Are Already Seizing The Opportunity To Meet Customer Demands For Greener And Less Energy Intense Products

WalMart announces next steps in green revolution

Electric trucks deliver Coca Cola in Uruguay

No more plastic bags at Whole Foods

Renault, Nissan explore electric car infrastructure in Israel

Woolworth works to reduce refrigerant emissions

Shift in Corporate Values: Hewlett-Packard



"... many assume, wrongly, that a company exists simply to make money... the real reason HP exists is to make a contribution"

Dave Packard



The importance of sustainability initiatives



“... make a contribution” but also:

- Promote transparency throughout lifecycle/supply chain
 - Competitive advantage
 - Prevent corporate scandals
 - Prevent unwanted media attention
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Looking internally



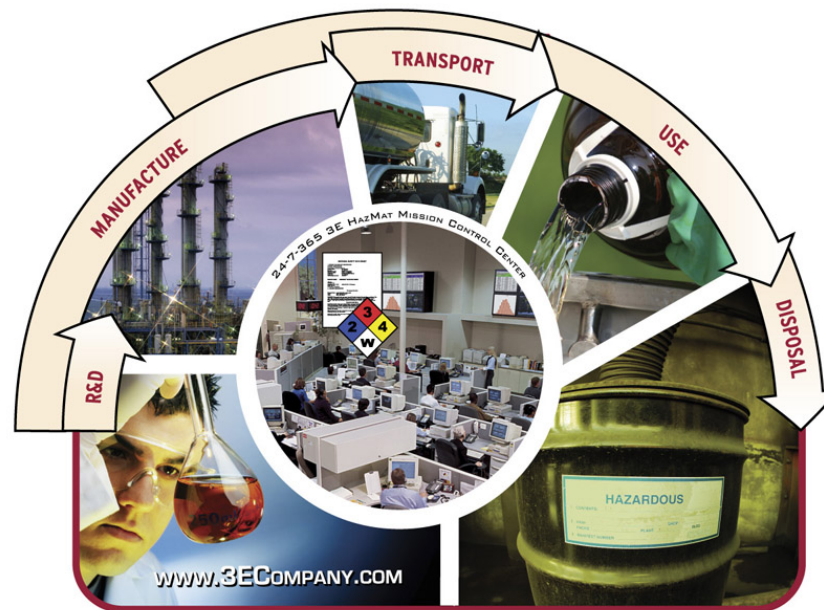
How do you avoid scandals and unwanted media attention? How can you encourage corporate responsibility at your company?

Consistent environmental regulatory compliance efforts create a solid foundation for sustainability and CSR initiatives.

Taking a Full Lifecycle/ Supply Chain Approach



- Take a **full lifecycle/supply chain approach** to fully manage EH&S regulatory compliance efforts
- Vision cannot be limited to your company
- Examine compliance both upstream and downstream, across industries, and throughout the supply chain



Compliance Across the Supply Chain



Upstream Product Stewardship

- **Manufacturing**
 - Complex requirements
 - New chemical notifications
 - New global directives
 - REACH and GHS



Compliance Across the Supply Chain



Midstream Industrial Usage



- **Utilities**

- Intense regulatory and legislative scrutiny to modernize infrastructure
 - Pressure to reform energy regulations
 - Cost pressures, mergers and acquisitions and deregulation forcing downsizing
 - Difficult to focus and plan for increasing regulatory requirements
 - Changes to energy policy complicates compliance
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Compliance Across the Supply Chain



Downstream Workplace and Consumer Safety

- **Retail**

- Ship and sell hazardous products
- Brand protection extremely high priority
- Under significant pressure to cut cost, reduce loss while maintaining high quality products and services
- Employee turnover vs. high cost to train employees on EH&S related processes and policies



Unintended Consequences

- The full lifecycle/supply chain approach uncovers unintended consequences
 - Cash for Clunkers
 - Battery powered cars



Compliance in the Boardroom and C-Suite



Making the case for compliance:

- Compliance is the cornerstone
 - Take a full lifecycle approach
 - Consider liability issues
 - Maintaining compliance protects the brand
 - Builds a sound corporate responsible image
 - Economic benefits
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Summary



- Compliance becoming more complex to achieve
 - Must take a full lifecycle approach
 - Sustainability and CSR initiatives growing in importance
 - EH&S regulatory compliance is the foundation
 - EH&S regulatory compliance initiatives must be a top priority in the Boardroom and the C-Suite
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