

the **Redstone** group

**Building Enterprise Value:
The Essential Role of
Environmental, Health and Safety**

**Glenn W. Hammer
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Glenn Hammer - A founding Principal of The Redstone Group, a regulatory affairs, business EH&S advisor and project management company, located in Columbus, Ohio.

- Before co-founding Redstone, he was Vice President of Environmental, Health and Safety and Engineering for Ashland Inc., a diversified company in the energy, transportation and construction area.
- Over thirty years of experience in environmental health and safety, manufacturing and engineering.
- At Ashland, he led efforts in pioneering innovative solutions in corporate governance in the EH&S area for the board of directors, managed global EH&S compliance for the company, and had responsibilities for the management of major engineering projects on a global basis.
- He is a frequent writer and lecturer on EH&S governance issues.

the **Redstone** group

Founded by two former industry executives

The Redstone Group is a regulatory affairs, environmental risk and project management company located in Columbus, Ohio

whose primary business focus is in ...

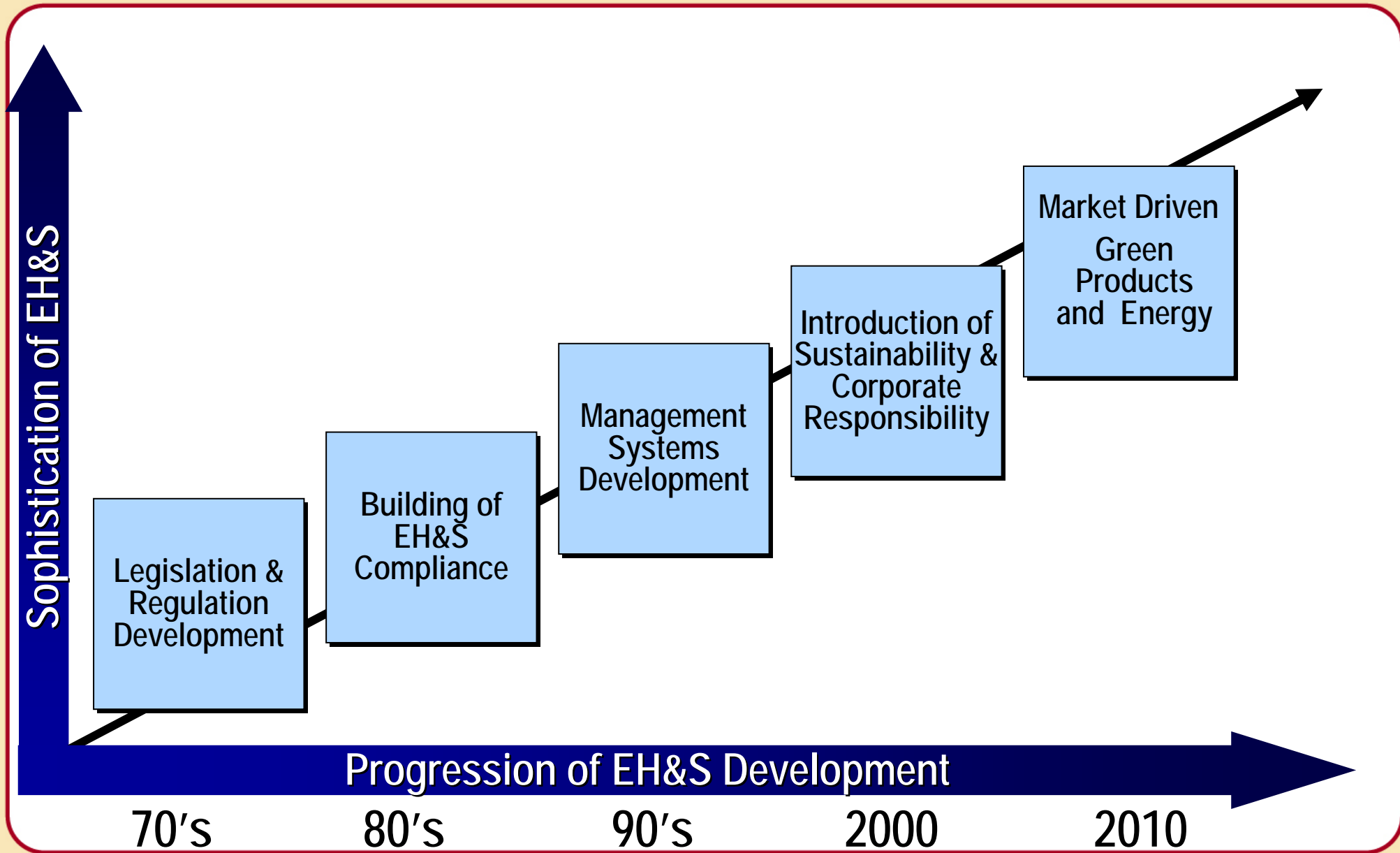
EH&S Management
Consulting

Project Management
And Regulatory
Affairs

Mergers &
Acquisitions

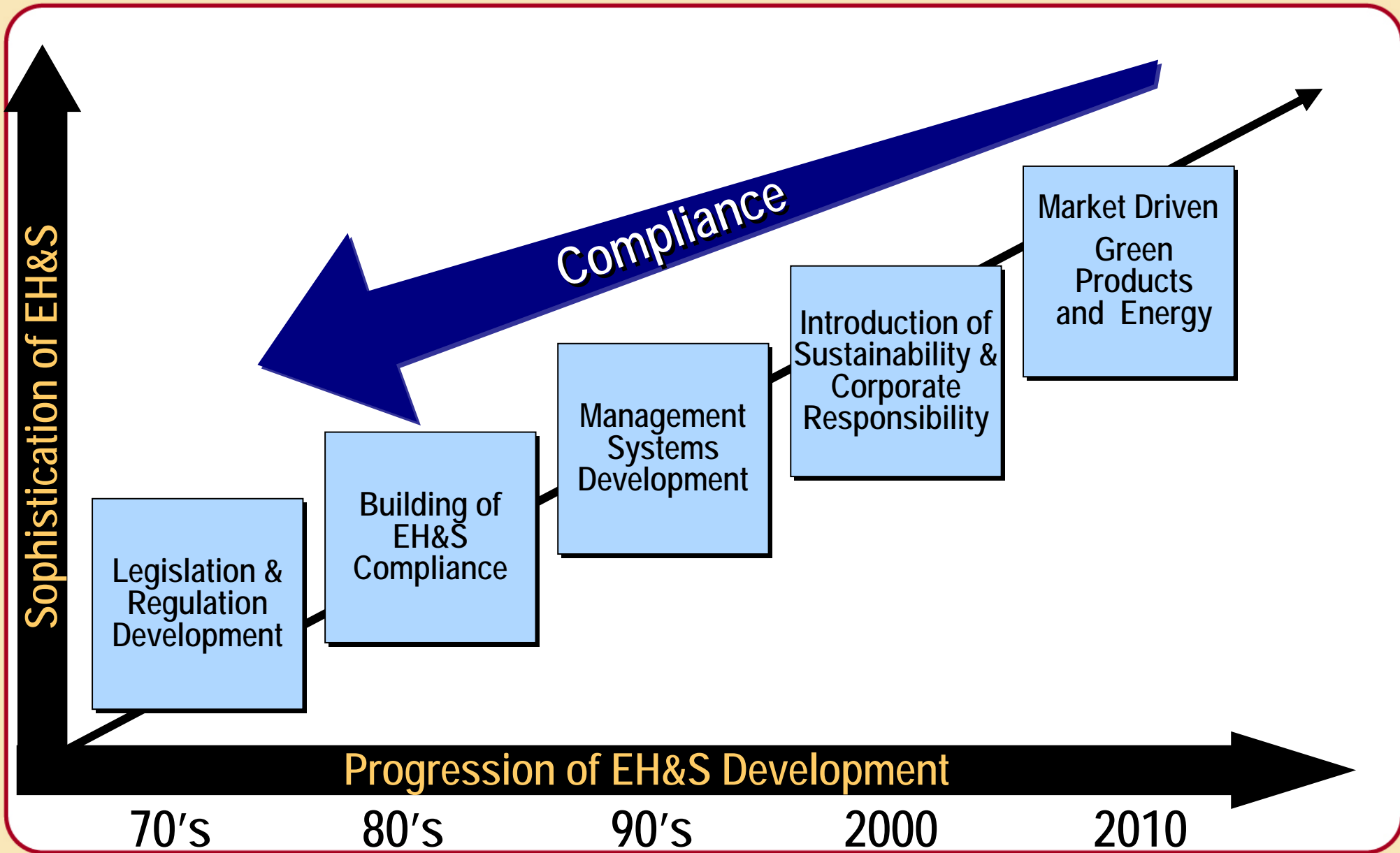


Progression of EH&S Development



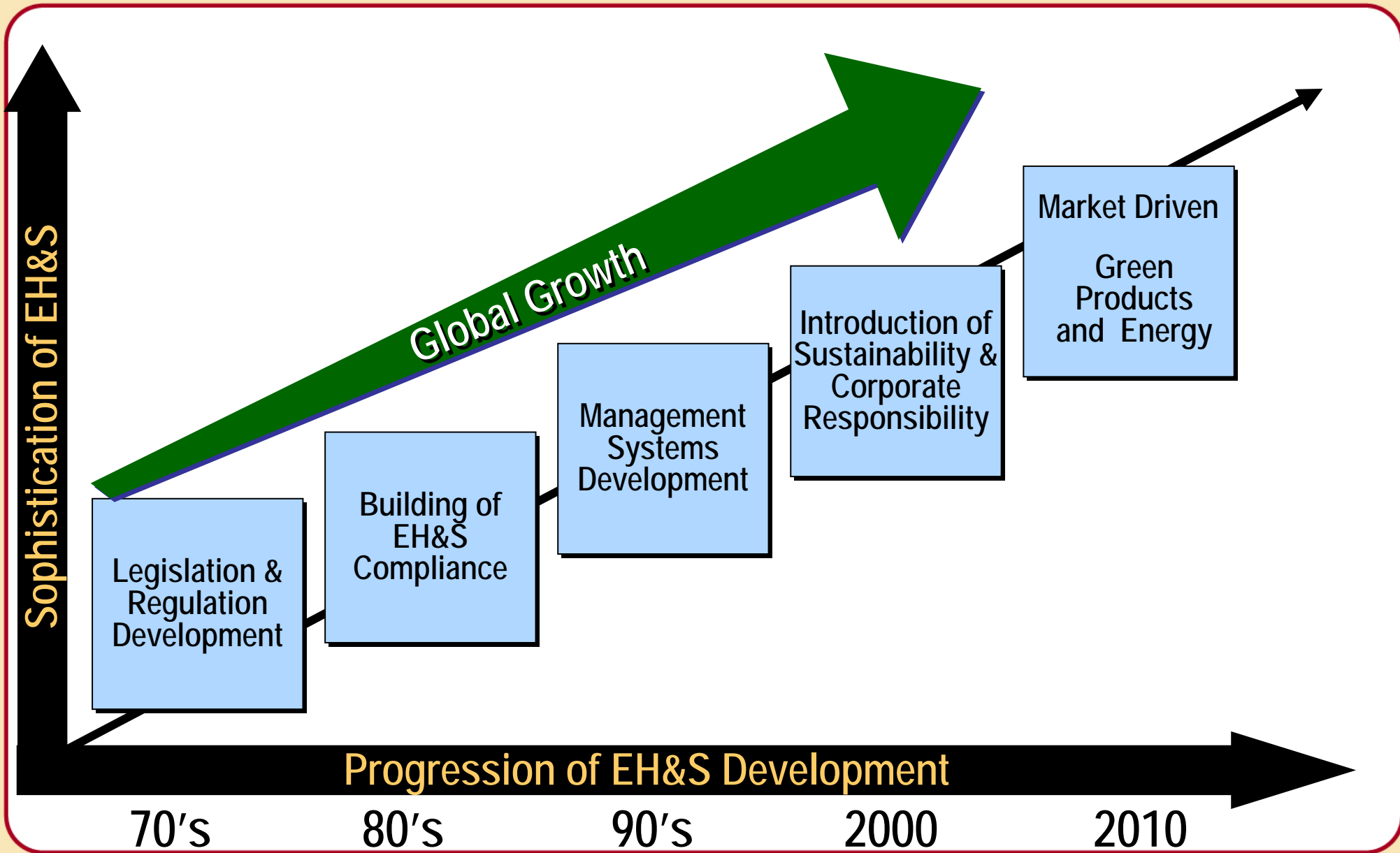


Progression of EH&S Development





Progression of EH&S Development



There Are Four Ingredients To Help Build Enterprise Value From An EH&S Perspective

Strong governance program must be in place

Seizing the opportunity for providing EH&S leadership in new business areas

Compliance culture must be integrated across the organization

Understanding the EH&S risk areas for both issues and opportunities

Governance



A Strong Governance Program Starts With The Board Of Directors And CEO

- Webster defines “to govern” as “keeping a straight course, under proper control, or in smooth operation for the good of individuals or the whole”
- Most public corporation boards operate under this loose meaning in one way or the other
- Governance is achieved by articulating the policy requirements to the organization and monitoring the legal, ethical and compliance of the company

*A Strong Governance Program Starts
With The Board Of Directors And CEO*



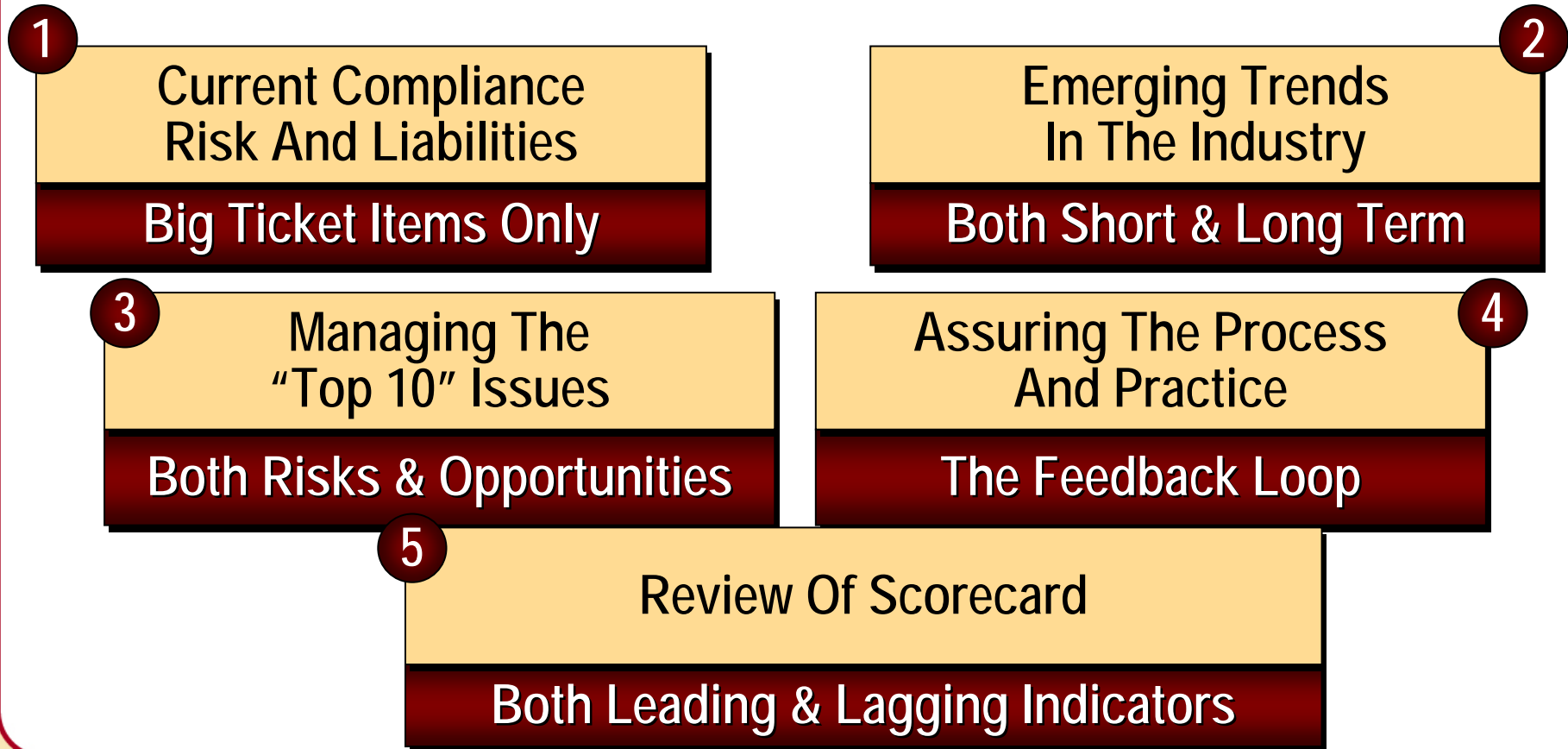
**Governance also applies to the leader of
the EH&S function and cuts across lines
up, down and across the organization**

What The Board Needs To Do ...

- Monitor the company's legal, ethical and regulatory compliance
- Ensure that sound controls are in place
- Understand the liabilities to the extent known
- Probe and feel comfortable that any surprises are being managed by management and that things are or will soon be under control
- Understand how the company is doing compared to peer sector
- Leverage the strength of the EH&S leader

When Is It Enough Information?

Board's Should Be Informed About ...



- Set aspirational and stretch goals for the organization
- Communicate that accidents and environmental mismanagement will not be tolerated
- Encourage open reporting of issues
- Regularly review results and hold people accountable
- Communicate to all levels of the organization the importance of being in compliance

Tie EH&S Performance To Financial Reward

Compliance





Building A Well Integrated Compliance Culture



Why Bother?

- Protecting the brand is critical
- Preventing environmental events and disasters
- Eliminating fines and penalties from regulatory agencies
- Saving lives and injuries of employees
- Building a sound corporate responsible image

How To Do It?

Starts With Senior Management

- Written EHS&S policy must be created and understood by all employees
- Policies and Procedures must be in place
- EH&S training needs to be conducted at all levels
- An EH&S management system needs to be in place and integrated throughout the organization
- Performance and compensation needs to be interlocked with EH&S performance
- An assurance process needs to be implemented to see that the system is working properly

What Are Some Of The More Important Systems?

Safety

- Strong safety processes that include a behavioral based systems as well as a human reliability program
- Strong process safety management system where equipment reliability and management of change is a major element
- Leading edge outside contractor safety program
- Recognition of achievement is a must!

What Are Some Of The More Important Systems?

Health

- Strong industrial hygiene program that protects workers
- Current understanding of the chemicals that are inventoried and produced and the health effects of products
- A strong product stewardship program that includes how customers use your products
- There are products that are just too risky to sell from a risk standpoint

What Are Some Of The More Important Systems?

Environmental

- Understand environmental permits and their conditions
- Know where waste material is being disposed and audit on a risk basis
- Make certain that regulatory issues are being addressed
- Establish strong pollution prevention and recycle systems
- Understand the regulations and take advantage of gray areas

Balance of Risk Is Changing



Coverage Is Becoming More Broad And Deep

What You Don't Know ... Will Hurt You

- Inherent risk in a business stems from the very essence of the type of business and the amount of risk that management is willing to live with considering the consequences
- Companies use a wide range of methods to reduce their risk profile
- Understanding your facility and product risks from a hazard and exposure scenario is a process that should be undertaken and the impacts fully understood

Reduce The Risk Profile

There are three areas where your risk profile needs to be reviewed and action plans put in place to reduce that risk



One Way To Do This Is Through An
Assurance Letter Process

Reduce The Risk Profile



Facilities

- Develop a process either quantitative or qualitative to define the highest risk at each location
- Rank the risk in order of perceived importance
- Assess the consequences of the risk
- Evaluate the cost and benefit of risk reduction

Reduce The Risk Profile



Products

- Review the entire product portfolio of the business from a hazard and exposure standpoint
- Rank the risk of the products and determine which ones present the highest risk and mitigate to the extent possible
- Determine the profitability of the product line versus the risk

Reduce The Risk Profile



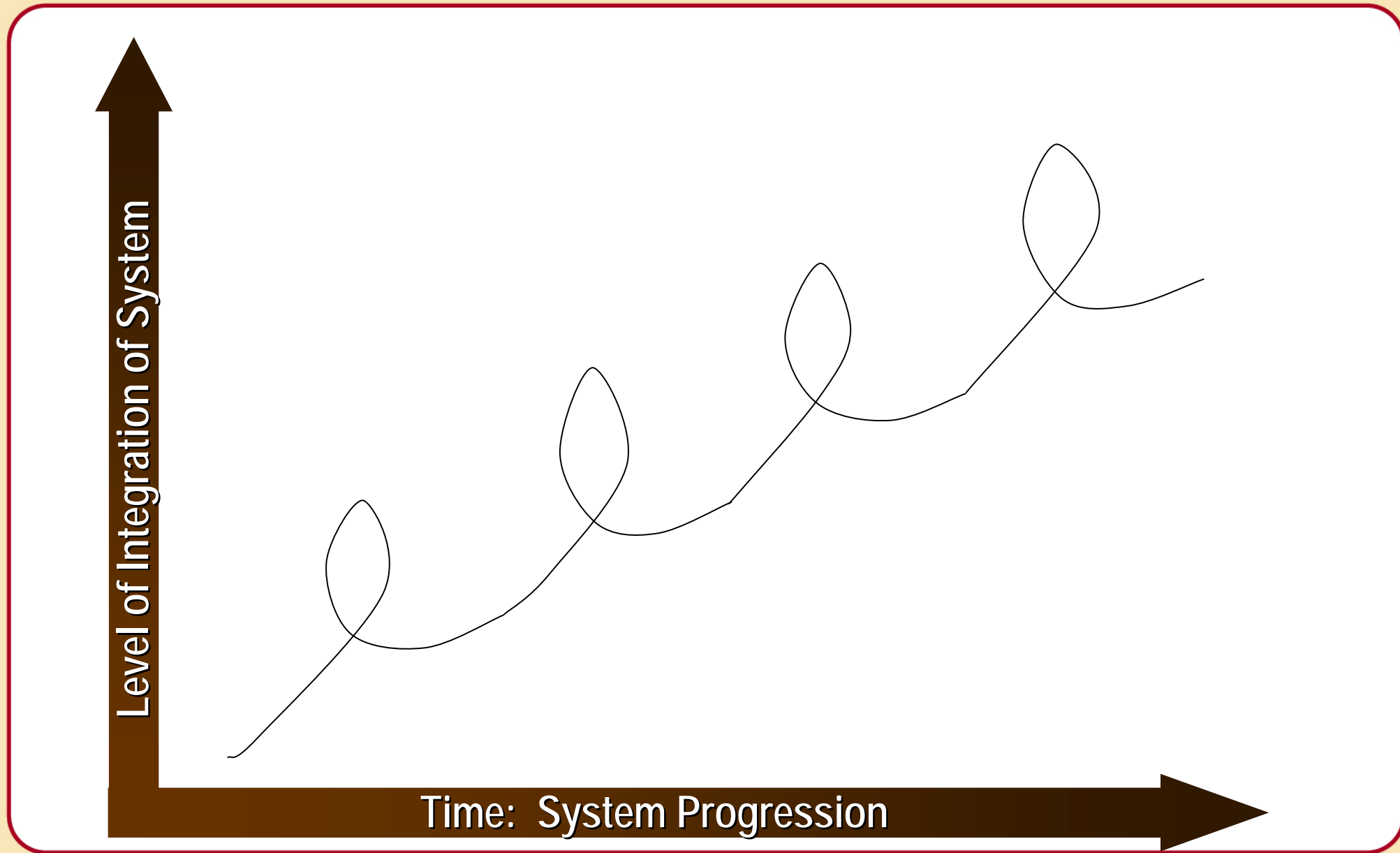
Programs And Processes

- Some processes or systems present a risk to the corporation

Example:

Risk of not managing remediation properly or a breakdown in the process safety program

- Constantly revisit the need for follow up training on issues that you think might be in place, but may have fallen to system fatigue



Leadership In New Markets



- Green products and energy of all types are in and companies are capitalizing on the opportunities
- Historically EH&S has been slow to convince management of their role in this area

The Debate Is Over And The Only Question Is ...



**Where Are The Opportunities And
Where Can EH&S Play A Role?**



Customer Demands For Greener

And Less Energy Intense Products

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

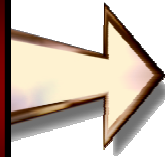
No more plastic bags at Whole Foods

Renault, Nissan explore electric car infrastructure in Israel

Woolworth works to reduce refrigerant emissions

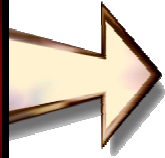
Key Concepts For Leadership

Design For
Sustainability



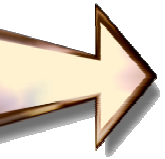
Systematic consideration of design for full life cycle

Green
Chemistry



Consideration of alternative chemicals that are produced through biological methods

Green
Energy

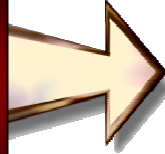


Purchasing power for wind, bio fuels, hydrogen and clean coal

... continued

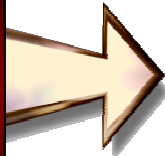
Key Concepts For Leadership

**Green
Building Design**



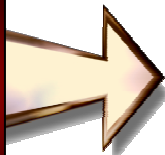
The tipping point has been reached -
why build any other way

**Life Cycle
Assessments**



Looking at sustainable impacts of products
through each stage using quantitative
evaluations

**Greening The
Supply Chain**



Looking upstream for energy conservation
and less toxic materials



citibank[®]

Bank of America



HSBC 



**Goldman
Sachs**

Will Rogers once said

...



"Never make predictions especially about the future"

BUT ... We All Know That Things Don't Stay The Same

We See Issues On The Horizon On Many Issues

Climate Change

Debate is over

Peak Oil

It is a matter of time

Water Scarcity

Is increasing

Chemical
Management

Reducing hazard and exposure to chemicals

Land
Conversion

There is only so much of it and our biodiversity is under pressure especially given projected population growth

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Questions...

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Discussion

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