Safety, Health, and Environmental Integration of New Facilities and Businesses

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Background Principles and Philosophy

- Key Elements
  - Du Pont SHE Commitment
  - DuPont Health and Safety Principles
  - Responsibility & Accountability

- Specific SHE standards
  - Acquisitions and Divestitures – Stewardship
  - SHE Integration of Acquisitions
    - Expectation is full integration in ≤ 3 yrs
We will assess the environmental impact of each facility we propose to construct or acquire and will design, build, operate and maintain all our facilities and transportation equipment so they are safe, secure and acceptable to local communities and protect the environment.
Ensures that Corporate SHE standards have been reviewed and obtains non-objection to M&A from VP- SHE & Chief Sustainability Officer
DuPont SHE Organization

Business Platforms and Regions


Responsible & Accountable For Due Diligence & Integration

5/25/2007
Core Values for DuPont

Delivering our ’07 PO/CO commitments & outperforming competition, while advancing our Core Values, is our unwavering objective. Everything else is secondary.

THE GOAL IS ZERO

100% Compliance With Regulations

Zero Injuries, Incidents, Occup Illnesses

Messages, Behaviors Expectations

Audits-1\textsuperscript{st} & 2\textsuperscript{nd} STOP, PHA’s/PSM Safety Interventions Integration Work/M&A

Product Stewardship and Sustainability

Regulations. Standards, Best Practices

The Right to OPERATE

PREVENTION

Delivering our ’07 PO/CO commitments & outperforming competition, while advancing our Core Values, is our unwavering objective. Everything else is secondary.
Due Diligence & Integration Process

Consideration for Acquisition/JV

Due Diligence (DD) Checklist to Candidate

DD Phase I Audit (on site)

Environmental Site Assessment

CRG runs ESA

DD Phase II Testing Time

Request for SHE VP Authorization

Final SHE VP Authorization

SHE Integration Plan

"Day One" & Beyond Plan

Yes

Business

Candidate

NO Approval

Groups = Responsibility

2 wks

2-4 wks

1 wk

2 wks

1-3 mos

No
Mergers, Joint Ventures &
Acquisitions Integration Plan

- Specifics of Corporate Standard Section 5
  - Highlights SHE Competency work and action plan
- After Due Diligence…draw up plan with transition items for Day 1 to Day 365…checklist
- Prioritize critical items
- Understand & communicate resource needs
  - Develop RACI – with who, what and when
- Execute on plan and provide closure documentation
  - Assign Integration Manager
  - Coordinate with Platform and Regional SHE groups
  - Mile marker checks on progress opposite plan
- For larger acquisitions – Establish a Leadership Steering Team
Due Diligence

Legal Day 1 Items
- Communicate

DuPont SHE Commitment and Philosophy
- Transition support to Regions
- Metrics now reportable on DuPont metrics

Organizational Training and Development
- Use Toolbox items for identified needs

Competency Reviews – Baseline and Official
- Implement applicable Miscellaneous SHE Programs

Establish KPIs and Reporting Procedures
- Communicate RACI to Site(s), Region and Business

Planning for Integration
- Use Due Diligence findings as FEL for planning

Identify Site, Regional and Platform resources. Agree to and document required process activities/key steps) using checklist. Populate RACI with timing & responsible individuals.

Use

Due Diligence

Approval to Acquire

Due Diligence

Legal Day 1

Legal Day 1 + 365 Days

Legal Day 1 + 3 Years

On-going

Time Line

Activity

5/25/2007
Legal Day 1

Planning for Integration

Identify Site, Regional and Platform resources. Agree to and document required process activities/key steps using checklist. Populate RACI with timing & responsible individuals.

Establish KPIs and Reporting Procedures

Communicate RACI to Site(s), Region and Business

Gain alignment and agreement!

MEASURE THE SHE PULSE of the organization

All reporting SHE metrics = TRR, LWC’s, etc.

Document the plan for all to understand
The Process

- Legal Day One requirements
- Development of SHE culture and commitment
  - Assess current state – Survey “Being Acquired” leadership
- Integration of the SHE function with the acquisition during the 1st year of partnership.
- Transfer appropriate SHE responsibilities from the Platform to the respective Regions for implementation support.
  - Key training needs
  - Resource Needs
  - Check points needed to assess development and opportunities for improvement
Conduct a Survey with Questions to “GET THE PULSE” of the Organization

What priority do you personally give to Safety?

What Priority does your team give to safety?

5/25/2007
How would you rate your facilities and equipment regarding safe working conditions?

- **Excellent**: 49, 65
- **Good**: 44, 32
- **Satisfactory**: 5, 3
- **Poor**: 2, 0

**Company X**

**Benchmark Best in Class Co**
What is your Personal Involvement in Safety & Health Observations?*

- Not at all: Company X: 4, Benchmark: 2
- Monthly: Company X: 34, Benchmark: 49
- Weekly: Company X: 62, Benchmark: 49

Observations = First or Second Party Audits, walkarounds, etc.
The JOURNEY of a SAFETY CULTURE

- Management Commitment
- Condition of Employment
- Fear/Discipline
- Rules/Procedures
- Supervisor Control, Emphasis, and Goals
- Value All People
- Training

- Personal Knowledge, Commitment, and Standards
- Internalization
- Personal Value
- Care for Self
- Practice, Habits
- Individual Recognition

- Help Others Conform
- Others’ Keeper
- Networking Contributor
- Care for Others
- Organizational Pride
- Using Resources Effectively
- Core Value
- Trust

Where is your team? You?
What do we need to move the team to.
Personal Goal: Interdependent

Injury Rates

Reactive
- Safety by Natural Instinct
- Compliance is the Goal
- Delegated to Safety Manager
- Lack of Management Involvement

Dependent

Independent

Interdependent

Self

Teams

Natural Instincts

Supervision

5/25/2007
**Bradley Assessment Model**

**Do you believe “THE GOAL is ZERO” is Attainable?**

<table>
<thead>
<tr>
<th>Independent (2-1)</th>
<th>Interdependent (1-0)</th>
</tr>
</thead>
<tbody>
<tr>
<td>“ZERO IS ATTAINABLE”</td>
<td>“ZERO IS SUSTAINABLE”</td>
</tr>
<tr>
<td>- Well understood process and operations</td>
<td>- Cooperation within and across teams</td>
</tr>
<tr>
<td>- Personal commitment to safety</td>
<td>- “Brother’s Keeper” philosophy exists</td>
</tr>
<tr>
<td>- Supervision comfortable in leading or allowing others to lead</td>
<td>- Organizational pride in safety</td>
</tr>
<tr>
<td>- Ownership for procedures are at team level</td>
<td>- Self-managed team working together on safety</td>
</tr>
<tr>
<td>- Management trusts – allowing for shared logic and ideas</td>
<td>- Team fully engaged in goal setting and improvements</td>
</tr>
</tbody>
</table>

**Reactive (4-3)**

“ZERO IS UNREALISTIC”

- Compliance drives safety
- Safety by natural instinct
- Management provides resources, but lack of management involvement
- Injuries result in discipline

**Dependent (3-2)**

“ZERO IS DIFFICULT”

- Management commitment
- Still a compliance atmosphere; governed by rules and regulations
- Management centered activities, employees not involved
- Selective communication of objectives; primarily to management
- Discipline is used as a development tool
- Turf-type atmosphere; not working together
Day 1 Requirements

- Change Company name on permits, certificates and registrations.
- Implement serious incident reporting & investigation process
- Provide crisis management instructions
- Integration activities become critical operating task for platform and SBU
- Establish SHE Integration Team at acquired facility
The SHE Function assists acquisition senior management with the development of a policy/commitment document and broad communication throughout the organization. Underlying beliefs should include:

- Show concern and care for people is by providing a workplace that is free of injuries and illnesses.
- The principles that lead to SHE excellence also leads to business excellence.
- Operational Discipline around the SHE Competencies is a top to bottom organizational commitment.
- Employees are an essential part of the team & success
Key Operating Principles include:

- We will obey all laws and regulations.
- We will pursue “The DuPont Commitment to Safety, Health and the Environment.”
- We will pursue a culture with behavior that exhibits the “Ten Principles of Safety”…include life saving rules.

Key Business Acquisition SHE objectives include:

- Within three years, be substantially in compliance with DuPont SHE Policies, Standards and Guidelines (PSGs). This is a condition of the DuPont Corporate SHE Approval.
- Achieve substantial year-over-year reductions in injury/illness rates.
- Conduct next steps of assessment and conduct 2nd party audits on standard frequency.
Due Diligence

Legal Day 1 Items

Communicate SHE Commitment and Philosophy

Organizational Training and Development

Communicate RACI to Site(s), Region and Business

Competency Reviews – Baseline and Official Assessments or 2nd party Audits

Implement applicable Miscellaneous SHE Programs

Transfer to other Regions

Metrics now reportable on DuPont metrics

Establish KPIs and Reporting Procedures

Focus on life saving procedures

Use Toolbox items for identified needs

Provide SHE Policies and Procedures

Time Line

Due Diligence

Approval to Acquire

Legal Day 1

Legal Day 1 + 365 Days

Legal Day 1+ 3 Years

On-going

Use DueDiligence findings as FEL for planning

Identify Site, Regional and Platform resources. Agree to and document required process activities/key steps using checklist. Populate RACI with timing & responsible individuals.

Planning for Integration

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Provide SHE Policies and Procedures
SHE Integration Plan – Year 1

- PLAN to integrate the SHE function of the “New Facility” in line with Platform and Corporate Procedures, Standards & Guidelines (PSGs).

- KEY elements are:
  - Reporting structure for SHE Function
  - Execution by SHE function of applicable DuPont SHE PSGs along with best practices from the acquisition
  - Regional SHE oversight
  - Participation of local SHE resources in corporate networks
SHE Integration Plan – Year 1

- Obtain positions required to achieve the integration objectives through the Platform - positions will be filled by internal redeployment first.

- Develop personnel quickly and continuously with new policies and practices. The goals will be as follows:
  - Leadership – Within 30 days after acquisition approval
  - Site Management – Within 60 days of approval
  - Operations/Support Personnel – Within 120 days of approval
<table>
<thead>
<tr>
<th>Issue</th>
<th>Stage</th>
<th>Priority</th>
<th>Responsibility</th>
<th>Referenced</th>
<th>Team Comments</th>
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<tbody>
<tr>
<td>Address &quot;tone&quot; of communications - show value and sensitivity for the</td>
<td>All</td>
<td>A</td>
<td>All</td>
<td>HR POLICY &amp; global SHE stds</td>
<td>Need to make sure that DuPont Senior Mgm't gives clear direction and expectations to the management of the acquired company. Mgmt of acquired company needs to fully understand expectations.</td>
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<td>acquire</td>
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<td>Normally this is done during the DD process, but it is good to remind that at some point in time critical SHE areas are identified and verified according to a well established process.</td>
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<td>Determine the extent to which the management team is capable of</td>
<td>All</td>
<td>A</td>
<td>All</td>
<td>Survey Leadership team for status</td>
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<td>providing FELT leadership. Look for evidence of leadership</td>
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<td>历程 in their standards.</td>
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<td>Assess SHE processes, systems and standards in place</td>
<td>All</td>
<td>A</td>
<td>All</td>
<td>Corporate M/A best practices guidelines - chapter 7</td>
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<td>and verified according to a well established process.</td>
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<td>Determine if line management has an ongoing SHE continuous</td>
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<td>All</td>
<td>Survey Leadership team for status</td>
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<td>improvement program and if they are making progress over time.</td>
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<tr>
<td>Assess degree of employee involvement in SHE activities and other</td>
<td>All</td>
<td>A</td>
<td>All</td>
<td>Survey Leadership team for status</td>
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<td>business drivers.</td>
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<td>Assess effectiveness of</td>
<td>All</td>
<td>A</td>
<td>All</td>
<td>Survey Leadership team for status</td>
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<tr>
<td>(validate in later stages)</td>
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Key Safety and Occupational Health Areas

- **MSDS documentation**, Hazard Communications
- Handling of Toxic Materials
- TSCA
- Medical Surveillance
- Specialized Air/ Biological monitoring programs
- Ergonomics
- Life Saving Rules – LTT, Confined Entry, etc
- Incident Investigation Process!!!
- Service and Process connections
Environmental Area

- Environmental Permits
  - Reporting obligations
  - Upcoming regulations with capital needs
  - Community concerns/ sentiments

- Waste management

- Upcoming advocacy issues

- Groundwater Protection and programs
Emergency Response & Crisis Management Program

- Integrate sites into existing Business & Corporate plans
- Establish necessary channels of communication to community & others
- Emergency Response teams
- Train and drill with key site players
Leadership Engagement

- Visit & continued visibility
- Strong messages on expectations
  - Bradley curve, The Goal is zero, all injuries and incidents are preventable....
  - Safety and Health of our employees first
  - Environmental Stewardship
- Periodic Reviews / Annual visits
- If an incident occurs...intervention and communication
- Include in Training and Network efforts
SHE Resource Engagement

- Engage current SHE personnel in networks, training, etc.
- Provide education around company culture and standards
- Engage current SHE personnel on audit or assessment of other parent facilities as observer or participant
- Share, collaborate, leverage
Contractor Safety

- Expectations and criteria for acceptable performance...our rules...the statistics
- Safety and Health first
- Oversight and evaluated during audit process
Milestones past Days 180-365

- Core Value Workshops near completion
- SHE & Security Readiness Assessments
  - Process Safety Assessments critical
    - Insure Process Hazard Assessments are developed for critical process
    - Operational Discipline
  - Revise Site Action Plans as needed
What’s next?

- **Year 2** – Incorporate site into Standard 2nd party SHE audit process
- **Year 2+** - Pulse the organization on safety consciousness
- **Steering Team Efforts**
  - Debrief on what worked
  - Identify continued opportunities for improvement
Key Observations & Needs

- Ensure resource needs are identified up front
- Assign Integration manager or other dedicated resource
- For larger integrations – establish a Steering Team to oversee progress
- Obtain resource commitment from business
- Evaluate culture and needed changes
- Prioritize activities - laundry list can be overwhelming for business or receiving site – (where to start???)
Any Questions?