



The Benefits of an Integrated Environmental, Health & Safety Program to Risk Management

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Rick Burnheimer

***Director, Risk Management and
Environmental, Health & Safety***

Department Overview

- *Broad Objective of Risk Management (RM) and Environmental, Health, & Safety (EHS)*
 - *Protect a Company's tangible and intangible assets*
- *Purpose of a Risk Management Department and an Environmental, Health & Safety Department*
 - *To facilitate the effort throughout the Corporation to identify risks and assure the safety and health of all employees, contractors, vendors, and customers*
 - *Assure compliance with applicable laws*
 - *Develop strategies to eliminate, transfer, mitigate or accept risk as part of the Company's overall business plan*

Functional Responsibility – Risk Management

- *Design, Secure, and Finance the Insurance Program*
 - *Executive Risk Insurance*
 - ❖ *Directors & Officers / Fiduciary*
 - ❖ *ERISA Bond for crime*
 - ❖ *Special Risk*
 - *Property / Cargo*
 - *Casualty Insurance*
 - ❖ *Workers Compensation / Auto / General Liability*
 - *Umbrella/Excess Liability*
 - *Aviation*
 - *Sponsorship Liability*
 - *Foreign Liability*
 - *Underground storage tank*
- *Manage the Broker Relationships*

Key Functional Responsibility – Risk Management

- *Manage the Surety Bond program*
- *Provide contract and lease support*
 - *Review contracts and leases for minimum acceptable insurance requirements for Supply Chain, Real Estate, and Legal*
 - *Assure compliance with counterparty's insurance requirements*
- *Provide financial analysis support*
 - *Process invoices*
 - *Prepare budget / forecast*
 - *Evaluate monthly results*
 - *Liaison with Accounting, Audit, Actuary, Sarbane's Oxley, Treasury, Tax, captive manager*

Key Functional Responsibility – Claims

- *Manage / Process Claims*
 - *Workers Compensation (WC)*
 - ❖ *Coordinate efforts with third-party administrator and the employee to hasten return to work and reduce costs to the company*
 - ❖ *Coordinate claim payment with HR and Payroll of workers compensation and short-term disability to avoid over payment*
 - *Auto & General Liability*
 - *Property / Cargo*
 - *Aviation*
 - *Executive Risk*
- *Capture and provide information necessary to produce mandatory federal OSHA reporting*

Claims Administration Model

- *Based generally on size, industry and financial position, insurance programs can range from a no-risk guaranteed-cost program (most expensive for a large company) to total self-insurance.*
- *Most companies adopt a hybrid program containing some element of insurance for catastrophic exposure with an element of self-insurance achieved through the use of large deductibles and retentions*
- *Since a majority of all claims fall within the deductibles/retentions, Companies have a direct financial interest in handling all past, present, and future claims where an outside claims group would have less incentive to keep the costs low*
- *Because of the large deductibles, companies also have a vested interest in developing strong loss control programs, which usually exist in the EHS department*

Key Functional Responsibility – EHS

- *The EHS Mission is to protect employee safety & health, to assure OSHA/EPA/DOT regulatory compliance, and to minimize losses to the company and the environment.*
- *Reduce risks through the use of:*
 - *Field specialist assessments and reports*
 - *Loss control / engineering inspections*
 - *Environmental protection efforts*
 - *Driver safety and Department of Transportation Initiatives*
 - *Internal and External Customer EHS Support & Problem Resolution*
 - *Ergonomic assessments*
- *Reduce costs to the company by:*
 - *Reducing accidents, injuries and illnesses*
- *Analyze legislation & determine solutions to maintain compliance with federal, state and local Environmental, Health & Safety Laws*
 - *EPA, OSHA, DOT*

Key Functional Responsibility – EHS

- *Comply with EPA permitting requirements*
- *Comply with the Emergency Planning Community Right to Know Act (EPCRA – Tier II)*
- *Manage or support various recycling programs*
- *Develop environmental, health & safety programs and materials and make available to all employees primarily through the website*
- *Develop and manage Spill, Prevention, Control, & Countermeasure (SPCC) plans for company-owned fuel tanks*
- *Develop and manage the international safety compliance program*

Safety & Health Corporate Policy

- *Ensure employees are aware of their responsibilities, and that a Company complies with the safety and health sections of the Code of Conduct*
- *As stated in a Code of Conduct of Sprint Nextel*
 - *The Company strives to provide a safe and healthful workplace for employees or visitors to its premises.*
 - *Management is committed to maintaining industry standards in areas such as industrial hygiene, ergonomics, personal protective equipment and hazardous material handling.*
 - *To support this commitment, employees are responsible for observing all safety and health rules, practices and laws that apply to their job, and for taking precautions necessary to protect them, their co-workers and visitors.*
 - *Employees are also responsible for immediately reporting accidents, injuries or occupational illnesses and unsafe practices or conditions to their supervisor or Human Resources.*

Environment Corporate Policy

- *Ensure employees are aware of their responsibilities as it relates to environmental responsibilities, and that the Company complies with the environmental sections of their Code of Conduct*
 - *Companies' operations are subject to federal, state and local environmental laws. (Beyond environmental compliance obligations, with today's focus on "Green" efforts, companies are committed to minimizing any adverse impact on the environment).*
 - *More and more companies take seriously its environmental responsibilities regarding hazardous materials handling and permitting, spill prevention, chemical storage and reporting, and end-of-life management of its products.*
 - *Carrying out that commitment is impossible without an EHS program to increase employee awareness and cooperation.*

Core Legal / Regulatory Requirements – RM

- *By law, companies must provide Workers Compensation (WC) benefits, when applicable to injured employees*
- *By law and by contract, companies are required to provide financial responsibility for WC, Auto and General Liability exposures*
- *Must respond to claims and litigation when filed against the Company*
- *Statutory changes impact how WC claims are handled*
 - *Recent changes in Florida, Colorado, and Texas have resulted in changes in process and workload but the impact does result in cost savings if implemented correctly*

Core Legal / Regulatory Requirements - EHS

- *Required by law to comply with numerous complex and varied federal, state, and local environmental, health and safety laws, including EPA, OSHA & the DOT*
- *Permitting / Registration at local, state, and federal level*
 - *Storage tanks*
 - *Air emissions*
 - *Hazardous material storage*
 - *Wetlands*
- *Reporting*
 - *Emergency Planning Community Right to Know Act (EPCRA – Tier II)*
 - *OSHA Reporting*
 - *Spill / Release Reporting*
- *Hazardous Materials Business Plans (HMBP)*
- *International EHS Compliance*

Upstream / Downstream Partners

- *Upstream / Downstream internal partners that depend on both Risk Management and EHS departments*
 - *Network Services*
 - ❖ *Building Management Engineering (BME)*
 - ❖ *Network Building Engineering (NBE)*
 - *Human Resources*
 - ❖ *Corporate Security*
 - ❖ *Aviation Department*
 - *Payroll*
 - *Legal*
 - *Supply Chain*
 - *Enterprise Real Estate*
 - *Business Continuity / Enterprise Risk Management*
 - *Accounting*
 - *Product Transportation*
 - *Service and Repair*
 - *Sales*
 - *Customer Care*
 - *Corporate Communications / Corporate Social Responsibility*
 - *Retail*

Key Risks / Challenges

- *Key risks/challenges RM & EHS teams are facing to meet strategic goals*
 - *Staffing (workload) both within the group and with our partners throughout the organization*
 - *Additional regulatory enforcement as well as new regulations are impacting our day to day workload*
 - *Inadequate flow of information from all areas of the company*
 - *Losing industrial knowledge and experienced personnel*
 - *Reorganizations*
 - *Education of upper management to EHS issues*

Strengths / Benefits / Advantages

- *The current model that combines responsibility for losses and loss control under one management umbrella enhances ownership of the entire process*
 - *Improves communication*
 - *Builds teamwork*
 - *Aligns goals, including financial objectives*

Benefit of a Strong EHS Program – Employee Related

- *Reduces costs by reducing accidents, injuries & illnesses*
- *Results in lower costs associated with:*
 - *Uninsured Workers Compensation, Auto Liability and General Liability loss*
 - *Indirect costs*
 - ❖ *Training and compensating replacement workers*
 - ❖ *Repairing damaged property*
 - ❖ *Accident investigation and implementation of corrective action*
 - ❖ *Scheduling delays and lost productivity*
 - ❖ *Administrative expense*
 - ❖ *Low employee morale and increased absenteeism*
 - ❖ *Poor customer and community relations*
- *Off the Job Safety Program - helps keep employees safe while they are away from the job (at home, during recreation, and while on vacation), keeping them productively employed*

Off the Job Safety & Health

- *Much of the work that the EHS department does can also be applied to off the job or non-occupational safety & health. This includes family, home, and recreational safety.*
- *The National Safety Council estimates that off-the-job injuries and fatalities cost U.S. businesses almost \$200 billion annually in lost productivity. Council research shows 9 out of 10 fatalities and nearly two-thirds of disabling injuries to workers each year occur off the job.*
- *Off-the-job injuries to workers cost companies more in lost productivity than workplace injuries.*

Benefit of a Strong EHS Program - Property

- *Results in a reduction of uninsured loss, business interruption loss, and helps support Risk Management arguments for lower premiums*
- *Property loss control programs*
 - *Fire Prevention & Protection*
 - *Disaster Planning*
 - *Emergency Response Planning*
 - *HAZMAT*
 - *Natural Hazards Protection*
 - *Internal Employee & Management Loss Prevention & Control Consulting*
 - *Property Insurance Engineering Coordination*
 - *Property Protection Self Inspections*
 - *Property Protection Standards*

Benefit of a Strong EHS Program - Other

- *Maintains compliance with Federal, State and Local Environmental, Health & Safety Laws*
- *Reduces the probability of:*
 - *Negative publicity*
 - *Scrutiny by regulatory agencies*
 - *Criminal liability*
- *Increases social & corporate emphasis and responsibility on Environmental issues and causes.*

Summary

- *A strong EHS program adds significant value to a company, is good business, provides for a superior employee experience, and fits into a company's overall Risk Management strategy by reducing risks to the company.*
- *All telecommunication companies have significant EHS risks, including increased WC costs, auto and general liability claims, regulatory fines and citations, negative publicity, increased scrutiny by regulatory agencies, and criminal liability.*
- *The EHS Mission is to protect employee safety & health, to assure OSHA/EPA regulatory compliance, and to minimize losses to the company and the environment is consistent with the Risk Management's mission to protect the tangible and intangible assets of the company in a cost-effective manner.*