

How does SOX impact ESH



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How does SOX impact ESH

- Do we have:
- an adequate data collection process?
- an adequate data analyses process?
- a definition of materiality?
- adequate disclosure

Impact of SOX on ESH

- Data collection process:
- Existing:
 - Twice a year compilation of environmental costs
 - Monthly ESH metrics

Impact of SOX on ESH

- Environmental Costs Data:
 - List of sites (Voluntary cleanups included)
 - Estimation of ranges and Best
 - Using a formal procedure estimating confidence levels based on literature, professional expertise, nature of contract, etc.
 - Adjustment of reserves
 - Adequate? Yes



Impact of SOX on ESH

- Environmental Costs Data Improvements:
 - Adopt ASTM procedure more formally

Impact of SOX on ESH

- Environmental Metrics Data:
 - Monthly reporting of regulatory inspections/actions
 - Monthly reporting of traditional ESH metrics

Adequate?...yes

Impact of SOX on ESH

- Environmental Metrics Data Improvements:
 - Random Monthly questionnaires
 - Experience: "ticket"

Impact of SOX on ESH

- Existing Data analyses process:

Reviewed by:

ESH VP

HQ Controller

CFO

Adequate? Yes...but

Impact of SOX on ESH

- Existing Data analyses process improvements:
 - Review must be broader
 - Must include CEO

Disclosure Committee Members:

- CEO
- CFO
- Controller
- General Counsel
- VP ESH
- Corporate Secretary
- VP HR
- Internal Audit (chair)
- Treasurer
- VP IT
- Compliance director
- other

Internal Auditor Scope of Work:

- Design Questionnaire
- Distribute across the enterprise
- Provide the data
- Follow up

Disclosure Committee Scope of Work

- Formal meetings and reviews
- Follow up discussions
- Formal sign offs

- Identify material risk areas
 - Financial reporting
 - ESH!

Disclosure Committee :

- **Greatest Value:**
 - **Greater Involvement**
 - **Elevation of Issues**
 - **validation!**

Materiality

- Group debate
- Greater understanding of mitigation factors
- Greater appreciation of ESH

How does SOX impact ESH

- Little fundamental impact on how we manage ESH!

THANK YOU!!



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