
GEMI 2nd Quarter 2008 Benchmarking Survey: Environment, Health & Safety (EHS) Headcount

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This presentation regarding the EHS Headcount survey covers the following topics:

- Background
- EHS Organization-level Analysis
- EHS Support Levels by EHS Function
- Summary
- Next Steps
- Appendix

Acknowledgements

- Special thanks to Catherine Blackler and Soma Chengalur of Kodak for their work in compiling the data and developing the presentation. It is greatly appreciated!

Background

This survey explored the EHS functions and staffing levels of GEMI members' EHS organizations.

- Survey response rate was approximately 60%
 - 23 out of 37 member companies responded to the survey
 - Not all companies completed all questions
- Broad industry coverage
- Wide range in company size
 - Covered the full range for revenues and # of employees
 - A few had no manufacturing facilities, those that did had at least 11 facilities
- Thank you to all participants!

EHS Headcount

Background

Thank you to all participants!

- **3M**
- **Anheuser-Busch**
- **BNSF Railway**
- **Bristol-Myers Squibb**
- **Cadbury**
- **Carnival Corporation & plc**
- **ConAgra Foods,**
- **Duke Energy**
- **DuPont**
- **Kodak**
- **Ecolab**
- **Eli Lilly**
- **FedEx Corporation**
- **Johnson Controls**
- **JohnsonDiversey Inc.**
- **Kraft Foods Global**
- **Merck**
- **Novartis Corporation**
- **Perdue**
- **Procter & Gamble**
- **Roche**
- **The Scotts Miracle-Gro Company**
- **Wyeth**

Questions for the Data

- How prevalent are centralized, decentralized or mixed models of support within GEMI members' EHS organizations?
- Are GEMI members supporting similar functions within their EHS organizations?
- For GEMI member companies supporting similar functions, are their EHS staffing levels comparable?

Review of the Write-in Definitions of EHS Functions

- Member companies had individual variations in the functional definitions.
- Essentially similar definitions for most functions:
 - Sustainability; Health & Safety; Environment; Medical;
- Significant difference in how Design for Environment (DfE) was defined. There was enough variation to make the data suspect and not worthy of detailed analysis.
- Individual data points were filtered when definition of the EHS function was significantly different than the majority - 80/20 rule.

Respondents were able to clarify if their definition of a specific EHS function was significantly different than the definition provided.

Cautions

- This data is directional in nature. Not enough data to draw very robust conclusions, or sector comparisons.
- Use of ranges limited the ability to see a total staffing picture.
- Decentralized numbers are less reliable, based on write-in comments:
 - Potentially contains double counting.
 - Decentralized support tend to “wear many hats”.
- Fewer than half responded that medical was part of EHS; Therefore not analyzed in detail.
- Data was analyzed, when possible, by the number of manufacturing sites and company employee counts, as they were assumed to be the best determinates of support levels vs. revenue.

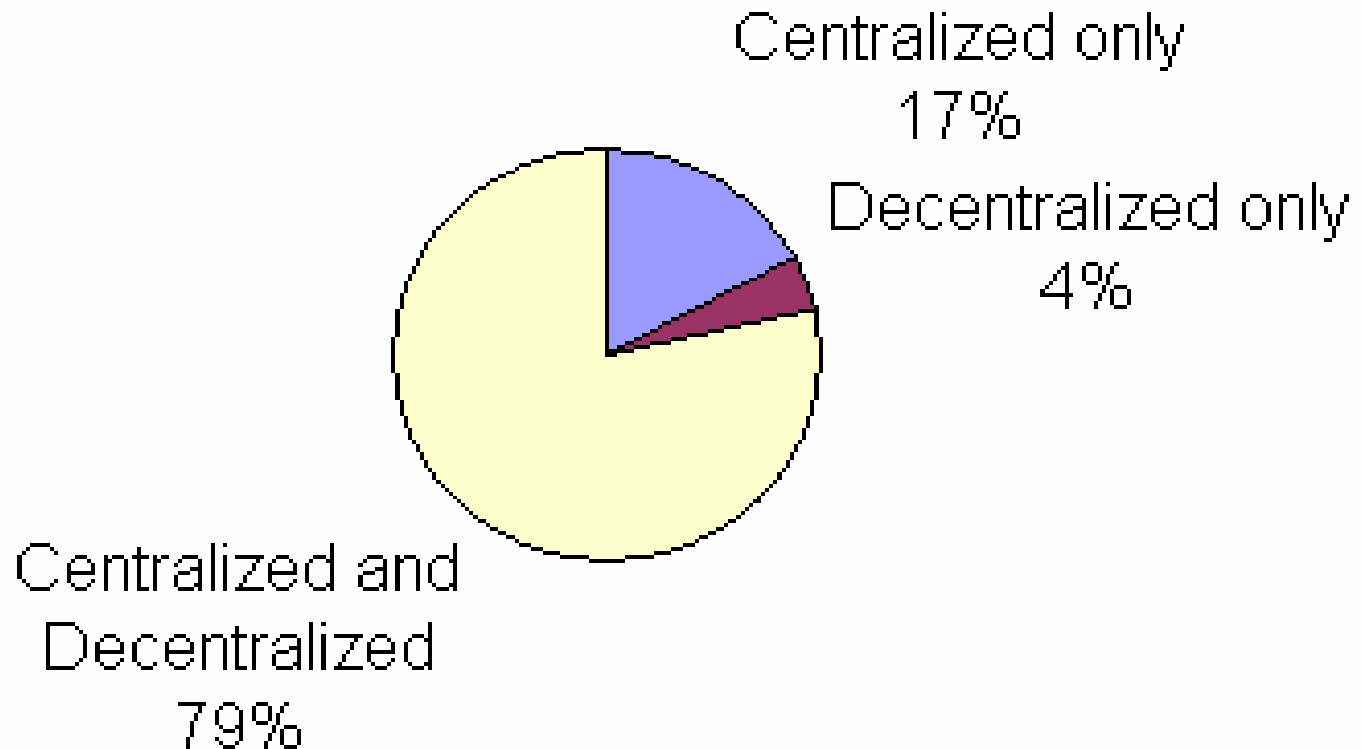
EHS Organization-level Analysis

EHS Headcount

Organization-level

How prevalent are centralized, decentralized or mixed models of support within GEMI members' EHS organizations?(n=23)

Consistent with past surveys, the majority of member companies are using a mixed model to support EHS functions.

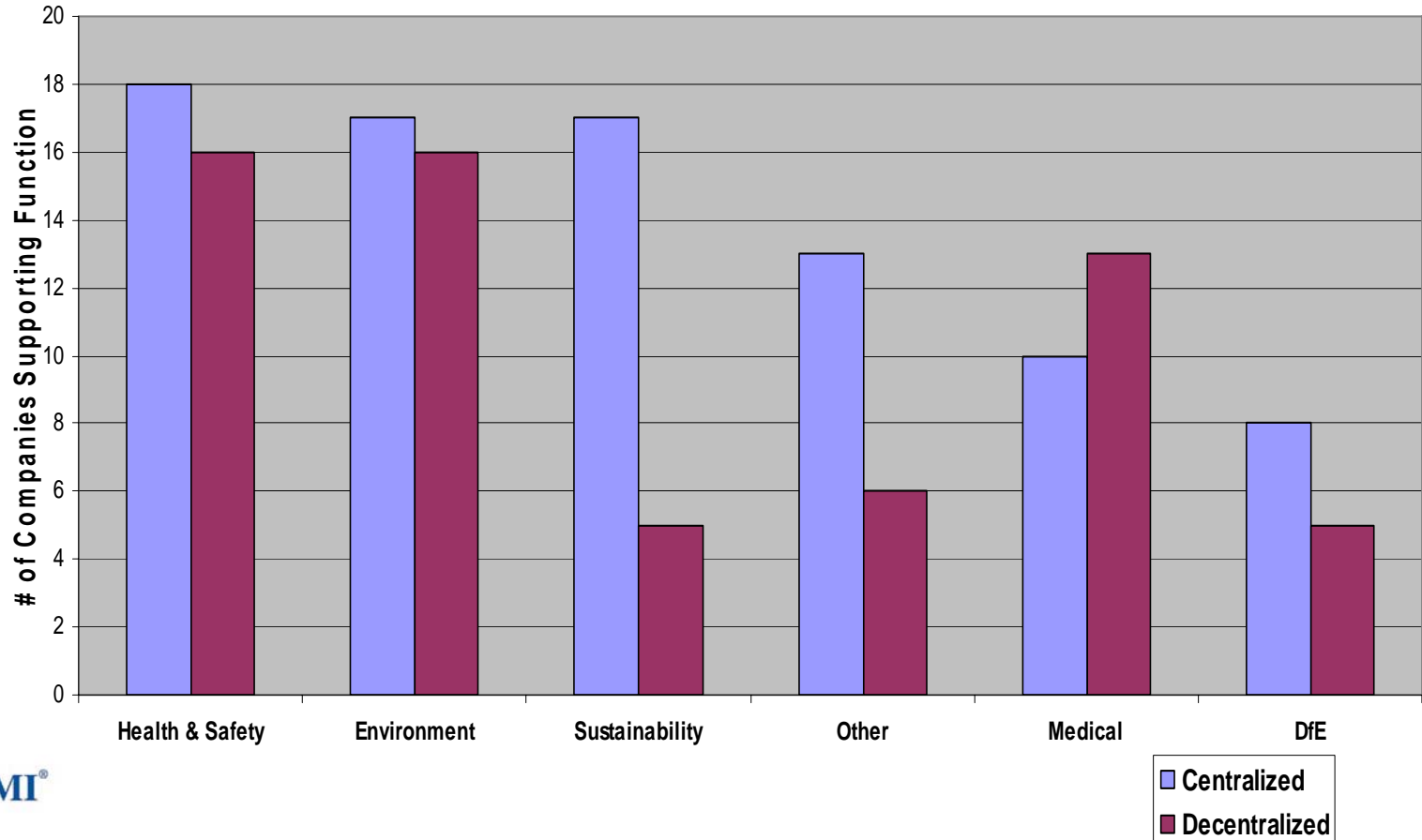


EHS Headcount

Organization-level

What functions are GEMI members supporting within their EHS organizations? (n=23)

Most common functions included in the “Other” category were: Policy, Regulations and Emerging Issues, Remediation, Auditing, and IT Support.



Discussion Topic #1

Organizational-level

- Are there functions within the DfE definition that most member companies do manage within their EHS organizations?

“Generally, a DfE function supports product development and assists design teams and customers in reducing products’ environmental impacts. DfE includes product safety/liability managers, chemical notification and compliance experts, and personnel who interact with customers on EHS issues.”

- What additional functions that may have been captured in “Other” are member companies supporting within their EHS organizations?

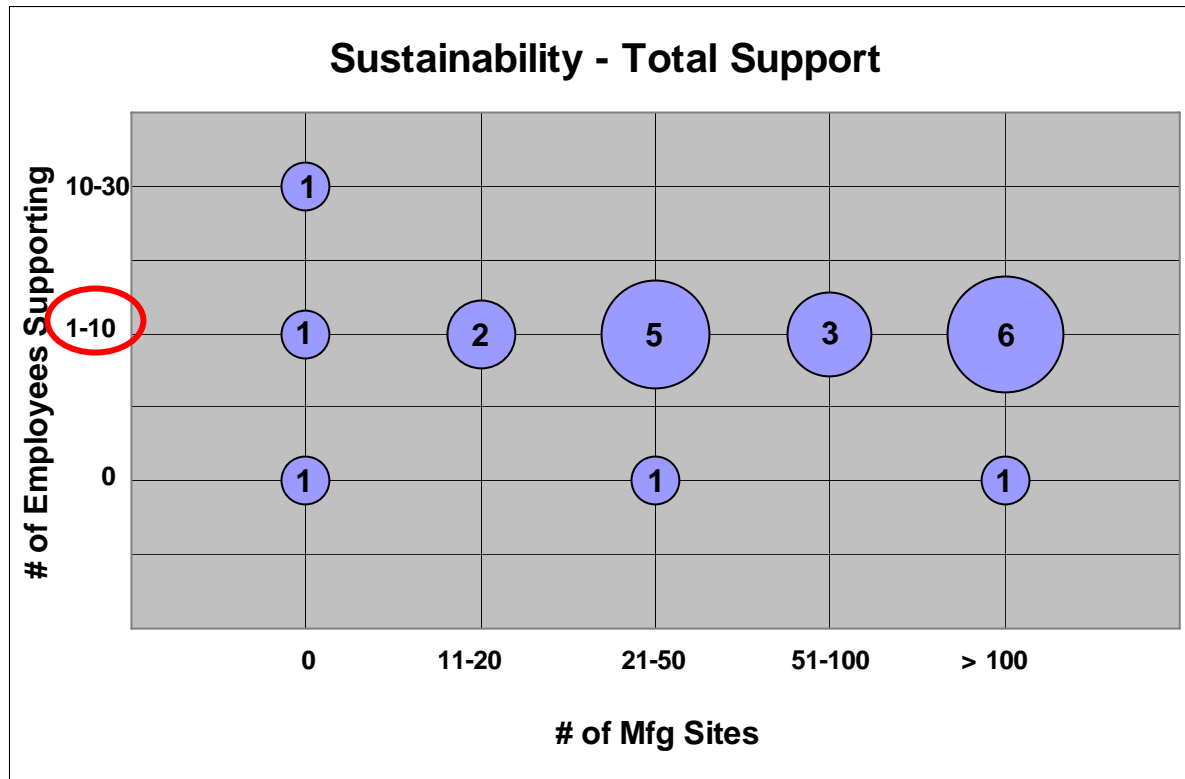


Sustainability Functional Analysis

Generally, a Sustainability function coordinates the company's environmental and social agenda and prepares an annual report that includes both environmental and social performance.

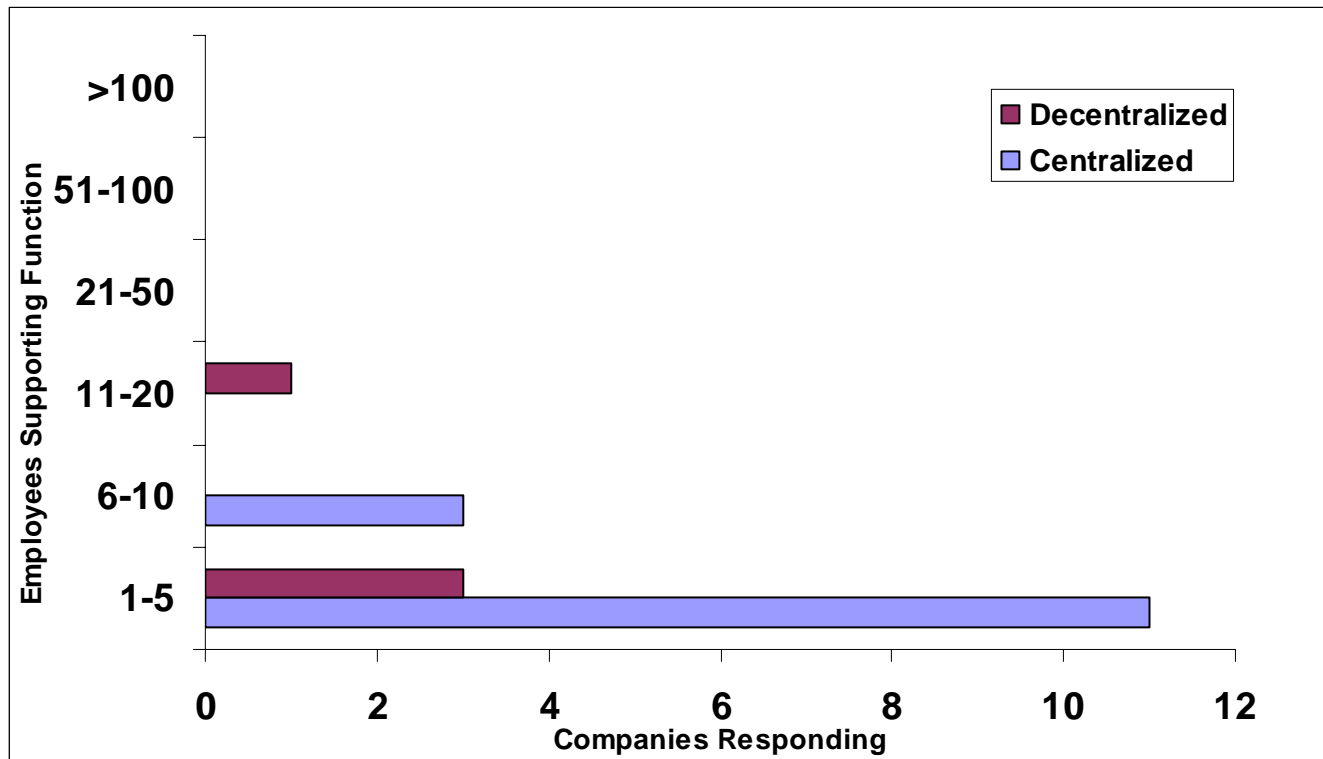
What is the level of total support (centralized and decentralized) for Sustainability (n=21)

The majority of respondents are supporting Sustainability at about the same level, regardless of the number of manufacturing sites (shown below), company employee counts or revenues.



What are the levels of centralized vs. decentralized support to Sustainability (n=14)

Support to sustainability is mainly centralized. However, many indicated that the actual reporting is done by another function, such as a CSR group.



Discussion Topic #2

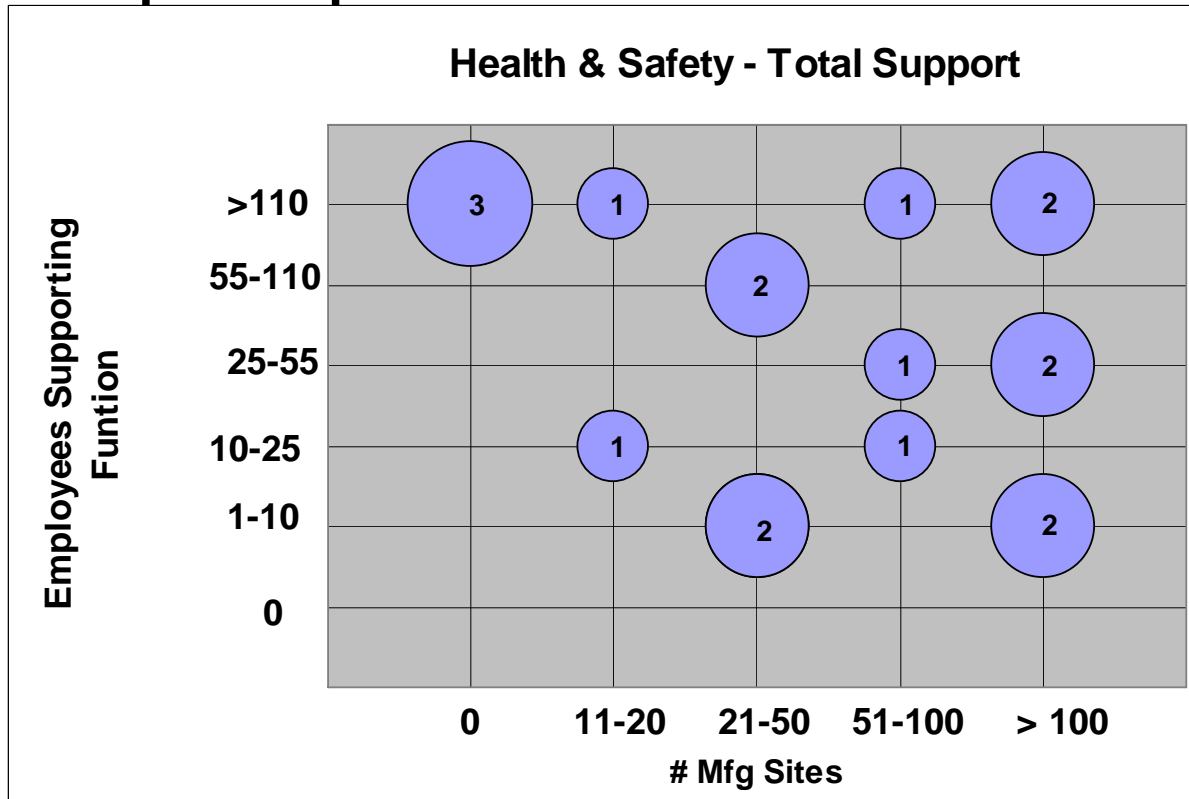
Sustainability

- *Generally, a Sustainability function coordinates the company's environmental and social agenda and prepares an annual report that includes both environmental and social performance.*
- **Why do you think there was little variation in the numbers of employees supporting sustainability?**
- **Do you think this trend will change as sustainability is better defined or gains momentum?**
- **Will sustainability continue to be supported mainly by EHS centralized staff or will decentralized staff play a bigger role?**

Health & Safety Functional Analysis

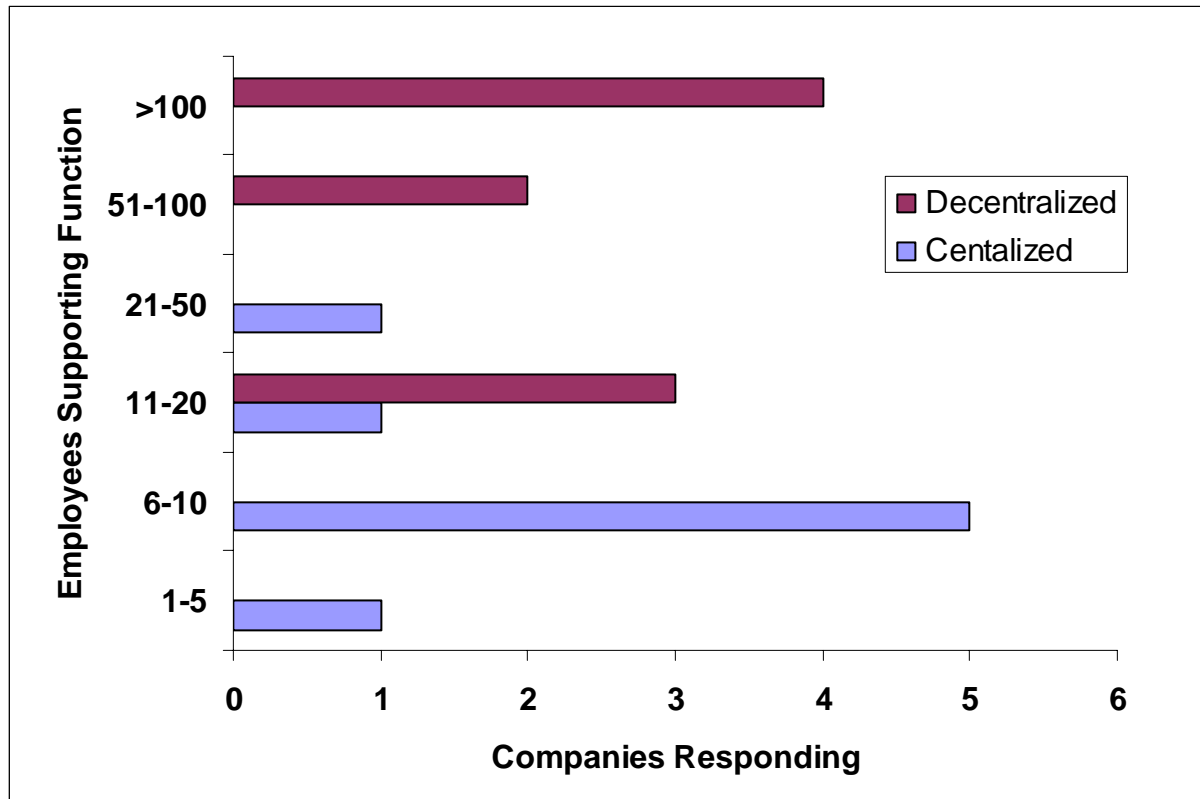
What is the level of total support (centralized and decentralized) for Health & Safety (n=18)

There is no clear trend for the numbers of employees supporting Health & Safety functions. Normalizing by company employee count does not improve spread much.



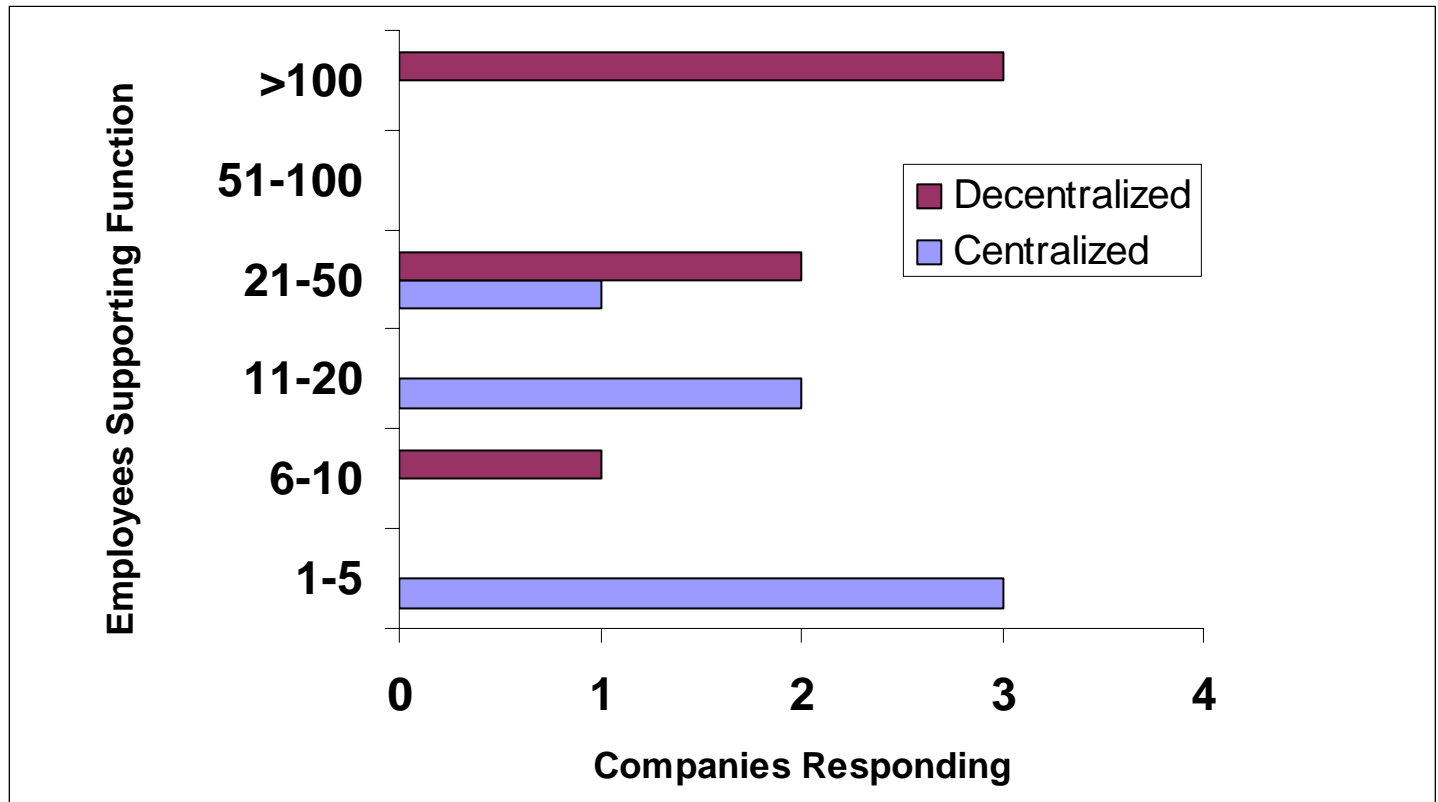
What are the levels of centralized vs. decentralized support to Health & Safety for companies with < 50 manufacturing sites (n=9)

Centralized support is converging on 6 – 10 people while decentralized support varies across a wider range.



What are the levels of centralized vs. decentralized support to Health & Safety for companies with > 50 manufacturing sites (n=6)

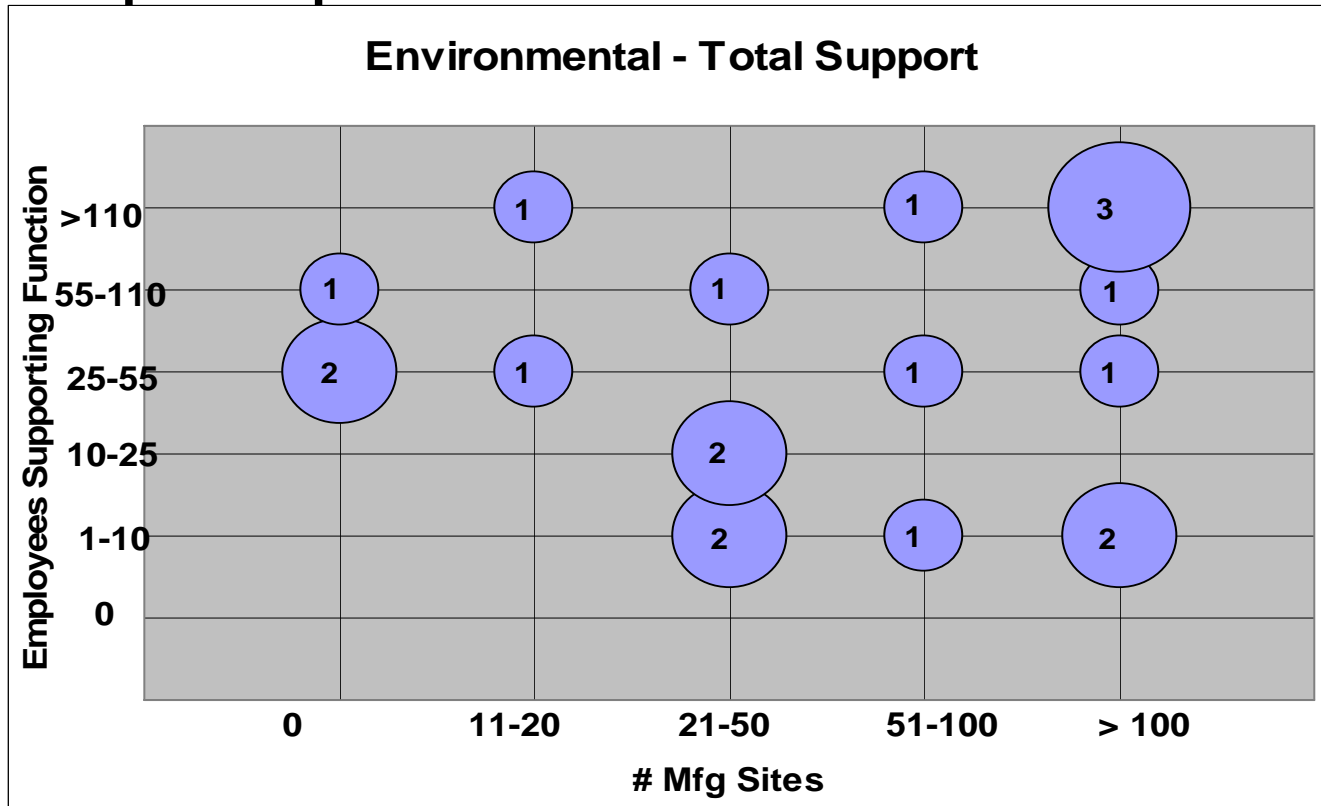
As would be expected, the data indicates small central support paired with significantly larger decentralized support.



Environment Functional Analysis

What is the level of total support (centralized and decentralized) for Environment (n=20)

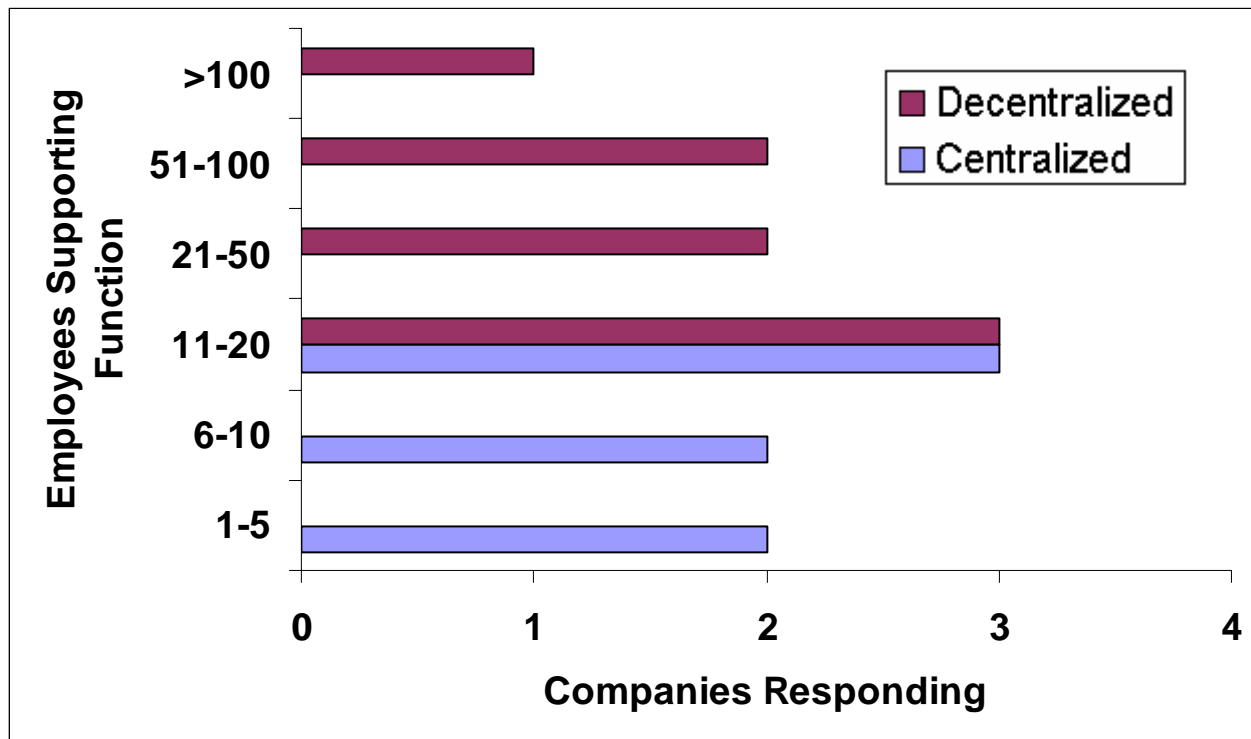
There is no clear trend for the numbers of employees supporting Environment functions. Normalizing by company employee count does not improve spread much.



within a bubble represents the # of companies with that same response.

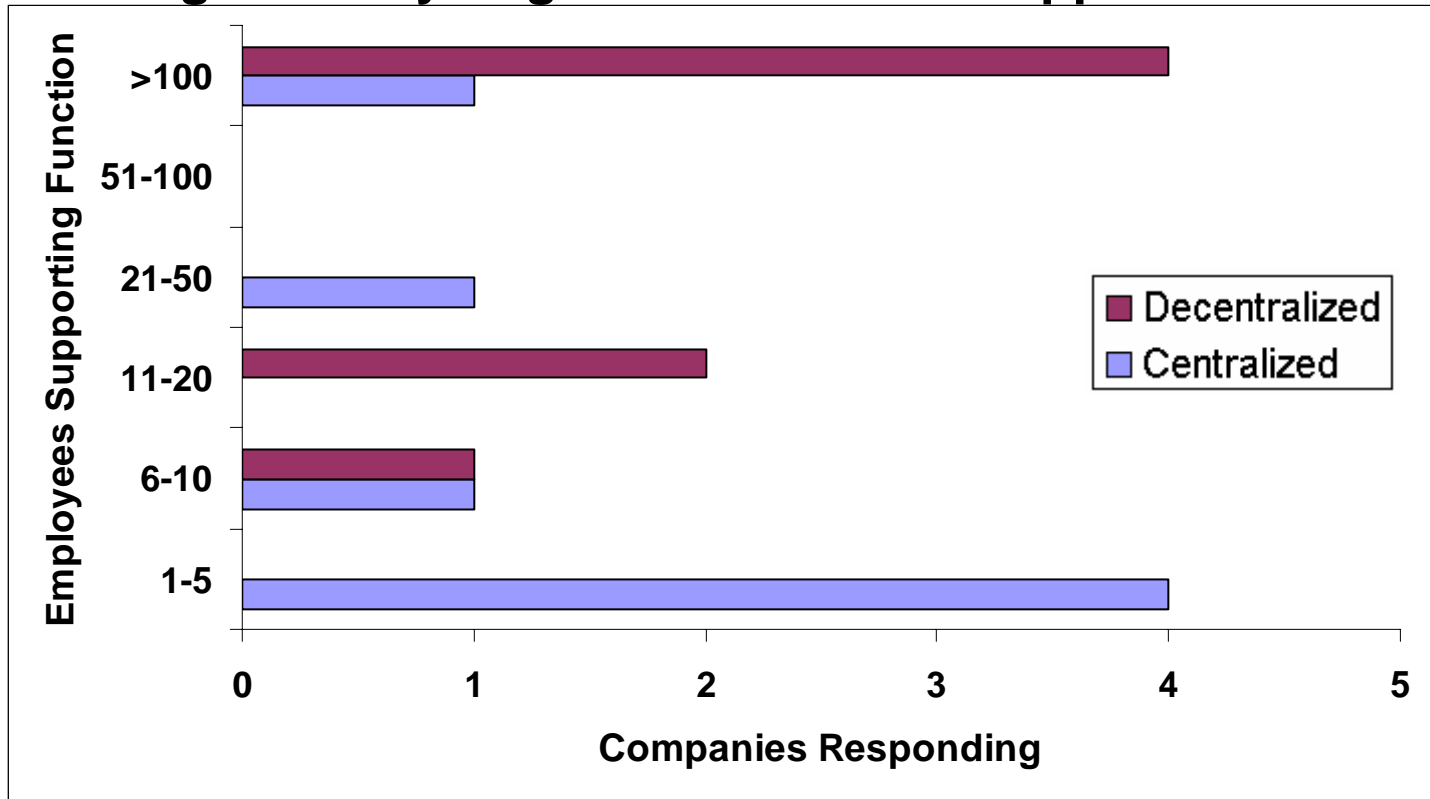
What are the levels of centralized vs. decentralized support to Environment for companies with < 50 manufacturing sites (n=8)

There is no clear trend with support levels across the entire range.



What are the levels of centralized vs. decentralized support to Environment for companies with > 50 manufacturing sites (n=7)

As would be expected, the data indicates small central support paired with significantly larger decentralized support.



Discussion Topic #3

Health, Safety And Environment

- **What might explain why the bracket “ < 50 manufacturing sites” showed more variation and fewer distinct trends for levels of support in both Health & Safety and Environment?**
- **How do your companies determine what the “right” number of employees is in the various functional areas?**
- **What trends or issues do you see in EHS & Sustainability staffing:**
 - **Outsourcing**
 - **Increasing Support**
 - **Decreasing Support**
 - **Other?**

Summary

The key learnings from this survey include:

- It's all in your definition, better precision would require finer parsing of functions
- Sustainability, most are working in this area. For most, overall coordination/roll up for reporting exists outside of the EHS function.

Next Survey

Please share with us any suggestions you have for future GEMI benchmarking topics in 2008. (n=9)

- How companies handle "Asset Retirement Obligations."
- Global Policy standardization
- "Carbon Calculators", how were they put together, who has access to them?
- Present and future plans to realign EH&S functions within a company.
- Qualification process for site environmental leaders
- Innovative methods for engaging the business, re: Sustainability.
- Climate change initiatives
- EHS support rate for manufacturing sites, R&D, offices, etc.
- EH&S compliance

**What should be the subject of
the next GEMI benchmark survey?**

Next Steps

**Please share with us any additional suggestions
re: GEMI future surveys. (n=1)**

- Continue with Survey Monkey

Appendix