

THE LION GROUP

Regulatory Consultants
11809 Blue Creek Drive • Aledo TX 76008-3505 USA
1.817.244.9107 • fax 1.817.560.3528
liongrp@worldnet.att.net • liongrp2@bigfoot.com



TLG CLIENT BULLETIN

No. 7 / October 2001

Security is a high employee safety requirement . . . from the experts!

THE LION GROUP (TLG) has periodically alerted clients to review their respective emergency evacuation and response plans. More than ever, security is a high employee safety requirement. During this period of reevaluating various plans, TLG has noted a natural interest from clients regarding enhancing various facets of their security plans. TLG has conferred with a professional security expert resource to provide some general recommendations.

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The following are a few to consider:

1. Do not overreact.
2. Do not take action for "action sake".
3. Any changes should be considered applicable over the long term.
4. Security plans should include considerations of various company functions such as human resources, Environmental, Health & Safety (EH&S), and emergency response teams.
5. Review assigned security responsibilities within your organization, and decide if they are appropriate.
6. Review your assigned security personnel as to if they have thorough or proper skills, and do they have the right amount of authority.
7. Constantly review your emergency response plan to ensure that any differing scenarios are included, and ensure that those responsible for action steps understand their respective functions.
8. Inspect and review your security systems to ensure that technical improvements and equipment changes have been kept current with the advancing technical threats.
9. Ensure your executive protection plans are broad in coverage.
10. Do not dismiss the notion that your security resources may need the review and assistance from an outside professional security expert resource.

ERGONOMICS STANDARD DELAYED, BUT NOT GONE

The U.S. Department of Labor announced, on September 21, 2001, that the announcement of a plan of action on ergonomics would be delayed. The delay is due to the staff of the Department and the Occupational Health and Safety Administration's (OSHA) involvement in the rescue and recovery efforts at the World Trade Center and The Pentagon that has prevented devoting full attention to this issue.

In March, the US Congress repealed a former administration's order to establish an ergonomics standard.

According to the Department, the announcement is scheduled for later in 2001.

TLG comment / opinion

In a previous TLG Client Bulletin issue, TLG discussed that all companies should establish a basic ergonomics program including historical employee injury records, job hazard assessments, engineering reviews / improvements, and medical protocols for handling employee complaints. In addition, a number of proactive steps should be incorporated into a company's current EH&S program. The fact that an ergonomics standard has not yet been finalized in the U.S.

does not mean that there will not be a requirement for an ergonomics program. Many countries in Europe already have programs of some type, as well as some states or localities within the U.S. TLG notes that there are already recordkeeping requirements, established by the U.S. Department of Labor, on ergonomic injuries. Call TLG (1.817.244.9107) for further information, questions, or comments on this issue.

EPA / CORPORATE-WIDE AUDIT AGREEMENTS - PLUS or MINUS?

The U.S. Environmental Protection Agency (EPA) developed an Audit Policy (*Incentives for Self-Policing: Discovery, Disclosure, Correction, and Prevention of Violations, 60 Fed. Reg. 66706 - Dec. 22, 1995*) that allows companies to undertake corporate-wide audits and compliance schedules. The Audit Policy was designed to provide multi-site corporations with a method by which they could conduct audits, disclose violations with federal environmental law, and eliminate gravity-based penalties. These voluntary agreements were developed to promote compliance and to entice corporations into environmental compliance. Various corporations have used the Audit Policy in the recent past. The Audit Policy contains a requirement for expeditious corrections of any discovered violations.

TLG comment / opinion

The Audit Policy has some merit and a rightful place. The Audit Policy can be beneficial for multi-site corporations in specific instances. One example: a large acquisition, of which the corporation can potentially minimize unpredictable costs, related to the discovery of unknown environmental challenges at new operational sites. This example is not to be interpreted that a corporation entering into the voluntary audit agreement does not need to conduct a full environmental preacquisition audit. Rather, this does provide an alternative as to how a regulatory problem acquisition can be addressed during the due diligence process. The acquiring company can calculate the compliance cost against the cost of the acquisition, and the ongoing liabilities, or they can calculate the compliance cost using the EPA Audit Policy and drastically minimize undiscovered environmental violations.

This comment/opinion is simplistic in content, and clients are encouraged to discuss the issue with TLG, and appropriate legal counsel, before proceeding into the Audit Agreement.

OSHA CLAIMS ITS NEW RECORDKEEPING METHOD IS EASIER TO UNDERSTAND AND USE...FOR WHOM?

A major change is scheduled for U.S. employers to record work-related injuries and illnesses. The changes are to take

effect in 2002. OSHA states there are a number of improvements over their current required recording requirements. OSHA states, "simplified, clearer definitions also make it easier for employers to determine which cases must be recorded. Posting an annual summary of workplace injuries and illnesses for a longer period of time improves employee access to information, and as employees learn how to report workplace injuries and illnesses, their involvement and participation increase."

There are some more specific definitions regarding businesses that are exempt. The new recordkeeping plan eliminates different methods for recording injuries versus illnesses.

TLG comment / opinion

TLG will continue reviewing the new recordkeeping standard. There are a number of new challenges that are not yet fully investigated. Clients are encouraged to review the full standard. TLG will be addressing various changes and how they might influence clients. As with any major change in a regulation, TLG has the expectation that the changes may have a significant impact on how some safety programs are administered.

OSHA INTERPRETATION: COMMON STORAGE AREA OF FLAMMABLES AND CORROSIVES

OSHA recently stated that flammable and corrosive chemicals could be stored in a common storage cabinet. In OSHA's interpretation, they stated that other regulatory requirements as to amounts, labeling, proper containers, use of material data sheets, and approval requirements as to the type of storage cabinet were mandatory.

TLG comment / opinion

The bottom line--there are no major changes in the storage of flammable and corrosive materials because of this interpretation.

TOXIC WASTE IN BRAZIL AND THE POTENTIAL CONSEQUENCES

The state of Sao Paulo, Brazil, recently accused a global petrochemical corporation with exposing over 150 citizens to toxic chemicals who reside near the corporation's factory that had a production history of manufacturing pesticides. Production spanned over 10 years and the facility was under the same ownership for approximately 20 years.

Disclosure came in 1994 when the corporation stated that there was pollution in both the soil and ground water at the facility site. At the time of the disclosure, the corporation promised to decontaminate the site, and provide the residents

with drinking water, counseling, and medical exams. The state had recommended the relocating of the affected



residents who lived near the site. Over 150 of 180 residents tested had indications of at least one metal or pesticide in their bloodstream. Chronic indications were found in over 80 tested residents and almost 60 suffered from thyroid and liver tumors. The corporation questioned both testing protocols and results. The report was issued by the state. The corporation strongly rejected any charges of direct relationship with the testing results and stated that the report was "irresponsible and inconsistent".

There continues to be public concern as to long-term health problems within the residents who are close to the facility.

TLG comment / opinion

These types of incidents are more common than not. It points out the complexity of situations and the need for a very well planned proactive environmental program. Clients should include a proactive plan to address even the most unusual circumstances. The emphasis for these plans grows in importance when the corporation is in a particularly hazardous industry. Some corporations are considered "deep pockets", and must be aware if they are in a political environment, which is reactionary or unstable. TLG has proven experience in these types of situations. Call TLG (1.817.244.9107) for further information, questions, or comments on this issue.

SWISS PROPOSE TO BAN USE OF SLUDGE FOR FERTILIZER--UNSAID IMPLICATIONS

Switzerland is considering banning the disposal of sewage sludge as an agricultural fertilizer. Included in primary reasons is that testing has indicated that there are residual results of pharmaceutical compounds and synthetic hormones.

TLG comment / opinion

This proposal indicates the probability that clients, who manufacture or distribute pharmaceuticals, or similar products, may have to be prepared to further document the long-term environmental impact of their products. Present

requirements for approval submissions, product registrations, environmental impact studies, and labeling may need review.

TLG Global Regulatory

H I G H L I G H T

- Great Britain approves new and expanded substance exposure limits. The new limits will be effective in December 2001.
- Asbestos related cancer numbers rising globally, stated researchers at the 11th annual Congress of the European Respiratory Society in Berlin, Germany. This is partly due to long-term nature of the relative indications and the continued exposure to people in poorer countries.
- The European Union (EU) recently banned the use of a number of fire retardants. The three brominated flame retardants are penta-BDE, octa-BDE and deca-BDE. The effective dates of the ban range from July 1, 2003 - January 1, 2006.
- The U.S. EPA and Mexico's Secretaria de Medio Ambiente y Recursos Naturales (SEMARNAT) announced a new set of mutual guiding principles. The respective governments will focus with regional work councils and local planning. The plan has been characterized as a new, results oriented plan.
- Corporate environmental reports and statements are to be included in accounting auditing protocols for review in Europe. Although this presently is characterized as voluntary, the EU indicates it will become an auditing requirement in the future.
- A number of new countries have joined a common global EH&S website. They include Australia, Canada, Norway, Switzerland, and Iceland. Again, this indicates the trend toward global EH&S standards.
- All over Europe, European Week in October, 2001, has been designated as "preventing work-related accidents" month.
- Teleworking guidelines have been adopted in two separate EU agreements. There is a specific website for these elements, which includes safety and health elements.

- The European Commission has adopted a proposal to establish the year 2003 as the "European Year of People with Disabilities".
- A survey of employees in Italy, Greece, Great Britain, and Spain indicated that employees want more training on stress in the workplace, emergency plans for workplace evacuation in the event of fire, bomb threats, or terrorist activity.
- The World Trade Organization (WTO) upheld a French ban on imports of asbestos containing goods.
- The Danish Working Environment Authority has recently produced a new website regarding safety and health in offices.
- In Spain, the General Council of the *Instituto Nacional de Seguridad e Higiene en el Trabajo (INSHT) - (National Institute for Safety and Health at Work)* has recently approved a new program for the next four years. The new program is described as "more focused and rigorous in detail requirements".
- Denmark is now imposing new taxes on employers who maintain non-compliance workplaces.
- In Denmark, during 2001-2005, the Occupational Safety and Health Service will expand their regulatory occupational safety oversight to all employers.
- Venezuela has recently announced some possibilities as to the reduction of acceptable air and water emissions from manufacturing sites.
- The federal government in Brazil has requested input from each independent state for input on environmental permits for new commercial endeavors and manufacturing plants. This may significantly impact any new or expansion plans for all industries.
- Mercosur and other non-affiliated Latin American countries are discussing a proposal for a "region-wide approval for products based on life cycle analysis data".

Call TLG (1.817.244.9107) for further information, questions, or comments on any of these issues.

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The Footprint *system*® is comprised of modules that are created in widely accepted computer software which makes it unique in that it can be customized to reflect any of a company's EH&S specific requirements. This system enhances the ability to effectively administer an EH&S program simultaneously at the local, regional, or corporate level. This system can integrate a company's applicable Corporate and/or Site/Facility Standards, Policies, Procedures, and/or Guidelines.

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