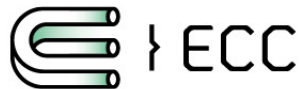


ECC Safety Topic

Company Risk Profile — *Ignite your curiosity and seek to understand your company's risk profile*



Team Members:

ECC Safety Committee

Prepared by Derek Chaplin, Flint Hills Resources

April, 2024

Company Risk Profile Quick Tip

Company risk profile identifies the acceptable level of risk a company is prepared and able to accept. A corporation's risk profile attempts to determine how a willingness to take on risk (or an aversion to risk) will affect an overall decision-making strategy. This profile will help your people connect to the expectations of your Company whether that's for the desired culture or desired outcomes.

Value of Risk Profile? – Consistent approach to risk rating the susceptibility of different types of risk a company encounters while providing a quantitative way of working through acceptable/unacceptable risk. The risk profile would serve as the company's point of view on balancing the probability and consequences to the potential return on those decisions.

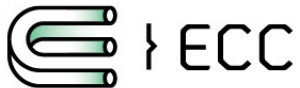
Consequence of no risk profile? - Potential consequences might include fines or regulatory actions, elevated employee turnover, missed opportunities, financial loss, and an unacceptable range of outcomes derived from variability of decisions made.

Example: Most people won't tie off when roofing their house but most companies we work for would never allow you to not tie off. Not having a risk profile could potentially pave the way for people to make personal risk profile decisions on behalf of the company.

Things to ask yourself and your team

- Do we have a company risk profile?
- When I/we make decisions is it based off what you think or something documented?
- Does my company have a wider range of outcomes than desired? Can a documented risk profile help?
- Does my company have the framework to guide employees through acceptable risk or just policies and procedures?
- Do we have the understanding how to use risk adjusted decisions to drive safe and profitable outcomes?

**Additional context and information shared in later slides



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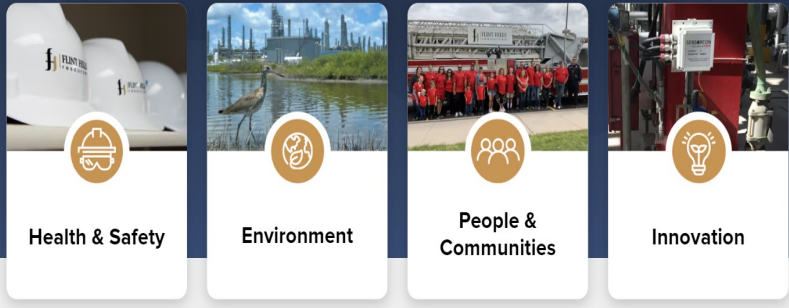
April, 2024



Risk is everywhere and everything we do; how does your Company empower you to make informed risk-based decisions?

Four Pillars of Stewardship

From our refineries in Pine Bend and Corpus Christi to the more than 4,000 miles of pipeline we manage, the products we produce, such as transportation fuels and the wide array of coproducts that come from refining petroleum, are foundational to the economy. The following four focus areas demonstrate how we innovate and continuously improve our products, how we produce them and how we engage with our communities.



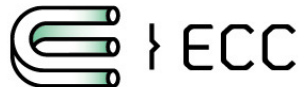
Safety does not come at “ALL” Costs.

These 4 pillars are potential guides for your company; from working safely each and every day; protecting the environment we live in; the communities we engage with; to how our company operates.

Understanding what is important to your company, how to mitigate and manage risk is key for employees to make informed decisions.

Knowing and understanding might help your company with their safety vision, safety culture, adherence to policies and procedures, and eliminate regulatory fines, etc.

**Additional context and information shared in later slides



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Personal risk profile vs company risk profile

All company's have safety job aids, procedures and policies to prevent them from the pictures on the right; right?

- Job aids, procedures, policies do a great job for those who know about them and follow the rules but there's still a range of outcome including safety incidents.
- When there's grey area, no "rules", or lack of complete understanding most people will do what they think is right, or easiest, thus invoking their own personal risk profile.
- As a company you probably don't want everyone doing what they do at home on behalf of the company?
 - This is why a Company Risk Profile can benefit since a well understood risk profile can help provide guidance where it's not written down, channel thinking towards what is best for the company and not what someone would do at home.
- Example:
 - Most people don't tie off while roofing their house at home but for most companies this would be a hard 'no'.



Risk is everywhere, how do we pick what to do?

There's inherently risk with everything we do and it can be difficult to accept known safety risks. Your company's risk profile should provide a framework or guidance on how to help clarify what risk the company is willing to accept.

Things to consider:

- Accepting no risk is not profitable and will put your company out of business
- Understanding what business you're in and pairing that up to what risk mitigations/safety philosophy your company has can provide framework to make decisions from.
 - Example: If you're in a high hazardous environment there's plenty of regulation around mitigating those hazards but how far does your company go to ensure no one is injured? A PHA will clearly provide you a point of view on the risk but it's up to your company to chase that risk to zero or to an "acceptable amount of risk". The acceptable amount of risk might be in a pool fire scenario where the company knows 1-3 people are at risk of being injured but has no reasonable way to mitigate the risk so they accept the risk.
 - Example: I work for a company that does many excavations across the country and OSHA says I have to have shoring at 6' below grade but because my company does so much of this their exposure/risk is really high they have a company risk profile stating they will have shoring at 4' below grade.
 - In both scenarios the company has defined what level of risk they are willing to take on. The companies tried to pair up what the business needs are to the risk they will take on. In one scenario you can manage through policies and procedures but the other case is purely what the business position is.



Company safety vision statement vs company risk profile

A company's safety vision is not the same as your company risk profile, however, ideally your company risk profile matches and enhances your safety vision. Your safety vision is geared towards helping the safety culture whereas the Company's risk profile is geared towards knowing what risk is acceptable.

Example:

If your safety vision is “Company X is a place where no one can be hurt” then your safety vision is clear you are a risk intolerant company will should have a risk adverse company risk profile.

If you're like most companies who have a general slogan for a safety vision that's less clear, such as “Lifting safety to a higher level” then it's not always clear to your people what exactly the risk level the company is willing to take on. The company risk profile would help serve as that guide or framework for the people to know that taking on some risk is acceptable and how to work through accepting risk.



Using your company's risk profile to make business decisions

Everything within safety is very related. To achieve great safety results companies need job aids, policies, procedures, safety vision, safety culture, the right people, and a solid company risk profile AND they all need to be in harmony with each other. Below are a few things you can do if you want to strengthen your company risk profile portion of the equation:

- Make long term decisions through risk-optimization
- Create transparency and collaboration where policies and procedures can't/don't cover
- Framework for all to contribute towards risk reduction or risk acceptance
- Leverage marginal analysis for risk, consequences, and probabilities versus just costs
- Balance the equation of possibilities and probabilities to the range of desired outcome and value created (no reason to mitigate a one in a million issue unless it has a potential catastrophic outcome)