

THE SAFETY SYSTEM

Your company's safety environment is influenced by several components, which come together in the **Safety System**.

Together, they help you reduce risk, prevent incidents and measure your progress. The four components are:

1. Safety Activities are the system's inputs, based on all the safety-related tasks your workers complete.

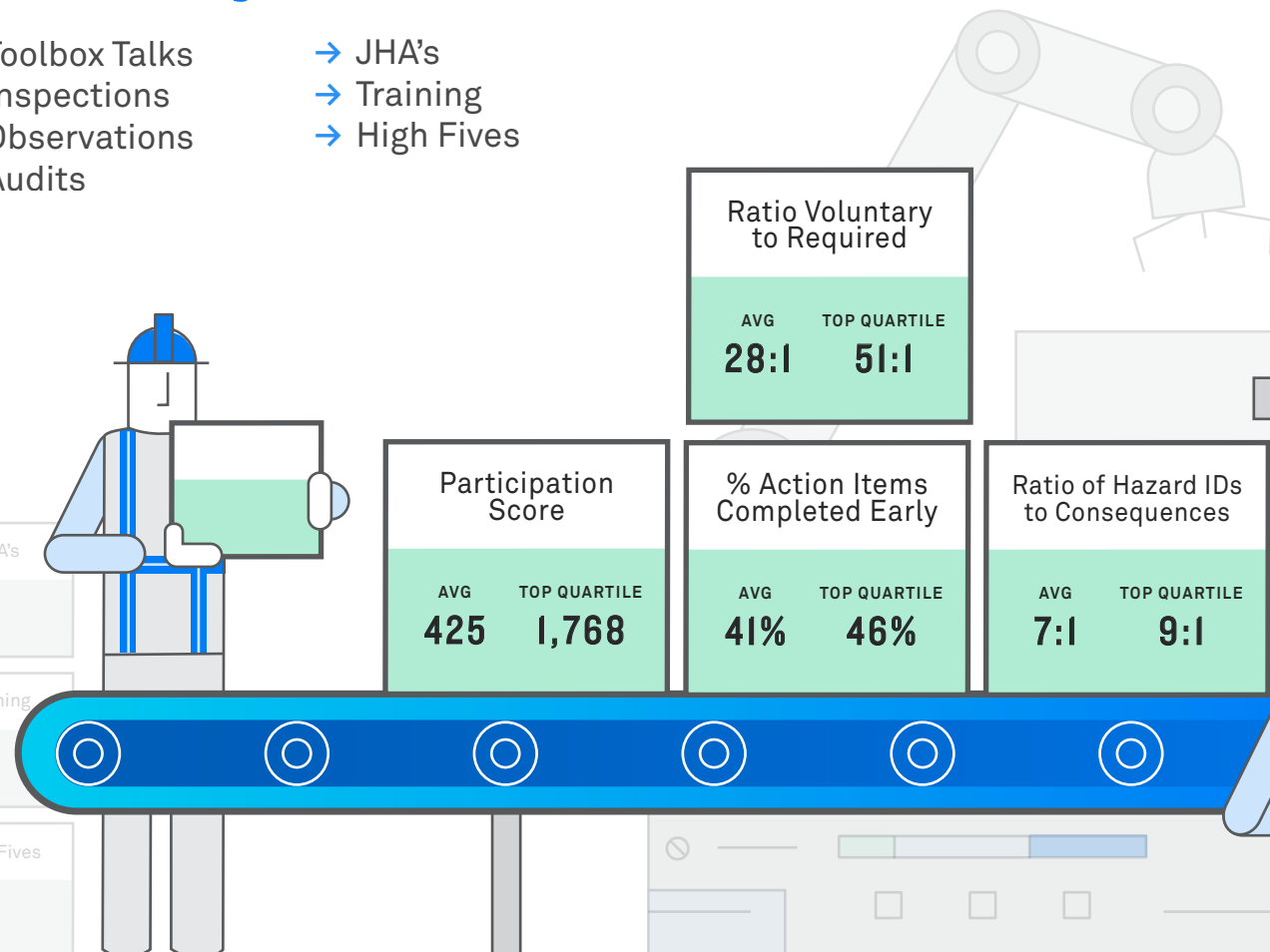
2. Leading Indicators measure those inputs and help predict the likelihood of incidents & injuries.

3. ROI is based on the combination of inputs. It directly affects your workforce and business.

4. Lagging Indicators display a past snapshot view of your safety performance, measuring output over time.

1. Safety Activities

- Toolbox Talks
- Inspections
- Observations
- Audits
- JHA's
- Training
- High Fives



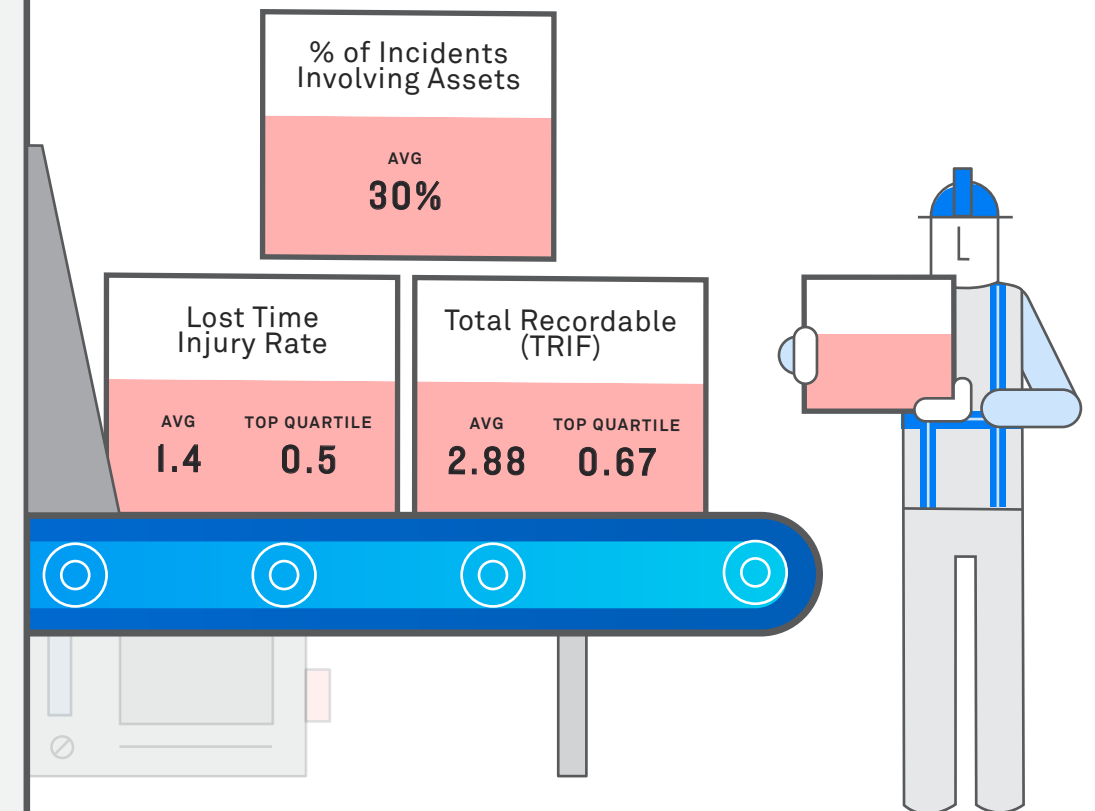
3. ROI

The **incident & events** that occur at your sites have a direct impact on your bottom line. Better safety performance leads to:

- Reduction in employee turnover
- Productivity & quality of work
- Strengthened brand reputation
- Access to more revenue opportunities
- Higher Employee engagement scores

THE COST CALCULATIONS

- AVG Cost of LTI = \$106,500
- Top Quartile Incident Reduction = 3.5x Less than Average
- Maximum OSHA Penalty = \$132,598
- Employee Compensation Cost = 1.5% to 3.5% per hour worked as \$ of total compensation



2. Leading Indicators

Leading Indicators are **action-oriented**, either corrective or preventive.

The **Safety Activities** you complete directly relate to your leading indicators, and the sum of them together helps to eliminate incidents.

LEADERSHIP CHECKLIST

- ✔ Weave Safety into Corporate Strategy
- ✔ Measure Safety Performance
- ✔ CEO is Actively Engaged in Safety

4. Lagging Indicators

Lagging Indicators are **output-driven**, giving you a snapshot of your safety performance after incidents and other events occur.

They are relatively easy to measure, but provide limited insight into how you can improve.