



Annual Workplace Safety and Health Conference

Introduction to Risk Tolerance

ExxonMobil Global Services Company

William A. Garnes

Exxon Mobil Corporation has numerous subsidiaries, many with names that include ExxonMobil, Exxon, Esso and Mobil. For convenience and simplicity in this presentation, the parent company and its subsidiaries may be referenced separately or collectively as "ExxonMobil." Abbreviated references describing global or regional operational organizations and global or regional business lines are also sometimes used for convenience and simplicity. Nothing in this presentation is intended to override the corporate separateness of these separate legal entities. Working relationships discussed in this presentation do not necessarily represent a reporting connection, but may reflect a functional guidance, stewardship, or service relationship.



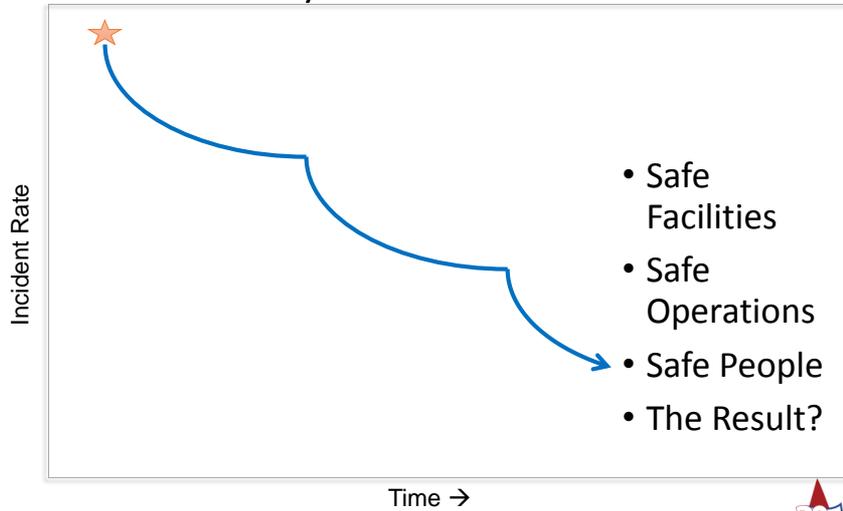
Introduction to Risk Tolerance

In this seminar, we will discuss:

- Our journey
- Understanding risk and risk tolerance
- Ten key factors that influence risk tolerance
- What you can do



Our Journey



TRIR > 0

LTIR > 0

- Who was getting hurt?
- New staff
- Experienced staff
- Leadership
- Why are people still getting hurt?
- Sequence of decisions...



Risk Tolerance

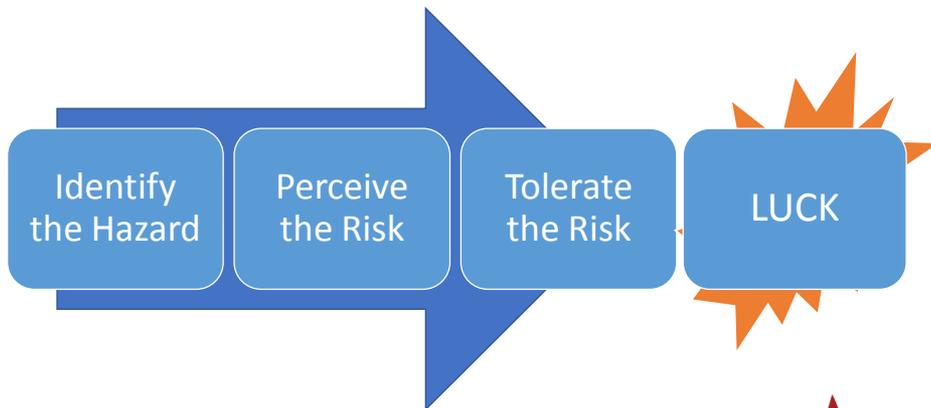
Risk tolerance involves a number of factors that influence a personal decision to either accept or reduce risk



Understanding Risk and Risk Tolerance



Understanding Risk and Risk Tolerance



10 Key Factors that Influence Risk Tolerance

- Overestimating Capability or Experience
- Familiarity with the Task
- Underestimating Seriousness of Outcome
- Voluntary Actions and Being in Control
- Lack of Personal Experience with an Outcome
- Low Cost of Non-Compliance
- Over-Confidence in the Equipment
- Over-Confidence in Protection and Rescue
- Potential Profit or Gain from Actions
- Role Models Accepting Risk





Overestimating Capability or Experience

- Belief that fitness or ability will prevent accident or injury
- Famous last words:
 - “I can handle it, I am strong and fit...”
- How to mitigate:
- Strength and agility does not reduce the risk in the workplace
- Consider less risky alternatives to accomplish the same task



Familiarity with the Task



- Risk awareness decreases with repetitive tasks
- “What procedure manual? I know what I’m doing, I’ve been doing this forever...”
- How to mitigate:
 - Each time like the first time
 - Perform the task in the way you would teach someone else to do it



Underestimating Seriousness of Outcome



- Belief that outcome will not be that bad
- “Even if something were to happen, no one will get seriously hurt...”
- How to mitigate:
 - Consider the absolute worst-case outcome based on the current task
 - Think of the seriousness of the outcome, not probability



Voluntary Actions and Being in Control

- Considering risk to be low when you are in control
- “I can figure out how to do this; I don’t need to call the right person to do this task...”
- How to mitigate:
 - Never assume that because you take control of a risky situation that the risk has changed any!



Lack of Personal Experience with Outcome



- Accepting the risk based on your own experiences
- “I did it this way last week, and nothing went wrong...”
- How to mitigate:
 - Incident sharing
 - Don’t depend on luck



Low Cost of Non-Compliance

**I L♥W
COST**

- Apparent low-cost of not following the rules
- “These procedures are way too detailed; nothing will actually happen if you skip a few of these extra steps...”
- How to mitigate:
 - Incident sharing
 - Deterrent: company applies consequences for unsafe and risky behavior



Over-Confidence in the Equipment



- Excessive trust that equipment will not fail
- “I never go through that pesky equipment checklist; I know that it worked just fine last time I used it...”
- How to mitigate:
 - Check your equipment before use
 - Obey equipment limitations and maintenance schedules



Over-Confidence in Protection and Rescue



- Expectation that others will provide care in case of injury
- “There are plenty of people around here. If something happens, they will help me...”
- “That’s what PPE is for...”
- How to mitigate:
 - Analyze your situation to prevent harm, rescue may not be readily available
 - PPE is not invincible!



Potential Profit or Gain from Actions



- Accepting risks and shortcuts for personal gain
- Not necessarily financial gain, e.g., finishing a task quickly in order to leave early (or on time) for a break, lunch end of shift, weekend, etc.
 - How to mitigate: Do not accept risk to save the company money
 - Do not sacrifice safety to meet or beat the schedule

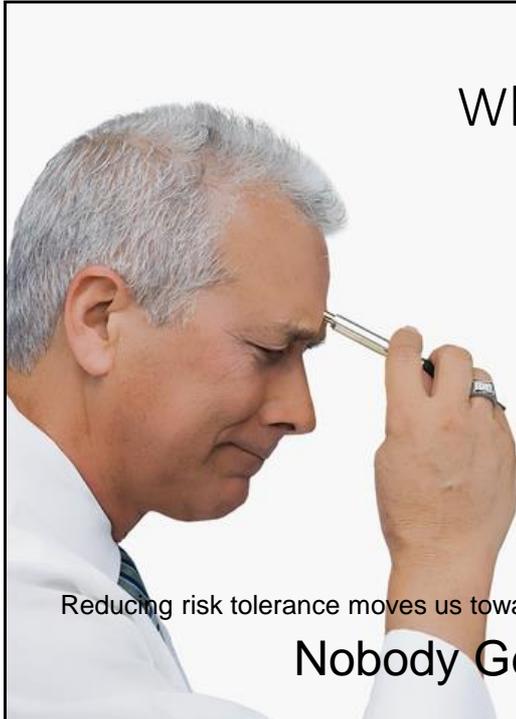


Role Models Accepting Risk



- Observation of mentors and other leaders accepting risk
- “The boss rarely wears PPE, so what’s the big deal...”
- How to mitigate:
 - Leadership drives culture
 - Supervisors, senior employees, mentors must “walk the talk” and provide visible safety leadership
 - YOU are a safety leader





What Can You Do?

- Self Awareness
- Peer Discussion
- Coaching
- Recognition (positive reinforcement)
- Assessment Tools

Reducing risk tolerance moves us toward the goal of a workplace where

Nobody Gets Hurt

Introduction to Risk Tolerance

- Assessing and Addressing Risk Tolerance





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Assessing and Addressing Risk Tolerance

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Introduction to Risk Tolerance

- Assessing and Addressing Risk Tolerance



Introduction to Risk Tolerance

- In this seminar, we will discuss:
 - ✓ Understanding Risk and Risk Tolerance
 - ✓ Ten Key Factors that Influence Risk Tolerance
- Addressing Risk Tolerance
 - Self awareness
 - Peer discussion
 - Coaching
 - Recognition (positive reinforcement)
 - Assessment tools



Case for Action

- Safe Facilities
- Safe Operations
- Safety Programs

TRIR > 0

LTIR > 0

Why are people still getting hurt?



Understanding Risk and Risk Tolerance

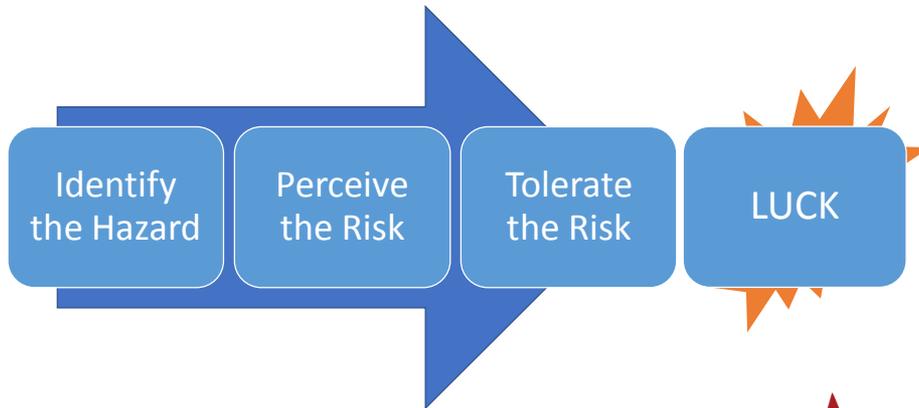


Understanding Risk and Risk Tolerance

Risk tolerance involves a number of factors that influence a personal decision to either accept or reduce risk.



Understanding Risk and Risk Tolerance



10 Factors for Risk Tolerance

#	Key Factor	Definition	Beliefs / Thoughts
1	Overestimating capability or experience	Belief that fitness or ability will prevent accident or injury	I can handle it. I am strong and fit!
2	Familiarity with the task	Risk awareness decreases with repetitive tasks	I have been doing this job for a long time; I know what I'm doing.
3	Underestimating seriousness of the outcome	Belief that outcome will not be that bad	Even if something were to happen, no one will get seriously hurt
4	Voluntary actions and being in control	Considering risk to be low when you are in control	I can figure out how to do this; I don't need any help to do this task
5	Lack of personal experience with outcome	Accepting the risk based on your own experiences	I did it this way last week, and nothing went wrong
6	Cost of compliance/non-compliance	Apparent low cost of not following the rules	These procedures are too detailed; skip a few of these extra steps
7	Overconfidence in the equipment	Excessive trust that equipment will not fail	The equipment works fine; that pre-work checklist is such a bother
8	Overconfidence in protection and rescue	Expectation that others will provide care in case of injury	That's what PPE is for!
9	Potential profit or gain from actions	Accepting risks and short-cuts for personal gain	Let's just finish this up and we can get out on time for a long weekend!
10	Role models accepting risk	Observation of mentors and other leaders accepting risk	The boss rarely wears PPE, so what's the big deal?



Addressing Risk Tolerance

- Self awareness
- Peer discussion
- Giving and receiving feedback
- Positive reinforcement
- Risk tolerance assessment



Peer Discussion

Conduct an Observation

- Identify the key at-risk behavior(s) that were observed.

Approach the Individual

- Approach your coworker and describe what you saw and why it is important to you, them, and the organization.

Review the Risk *Together*

- Encourage the person to think about the impact to themselves and/or organization.
- Discuss the worst thing that could happen if something were to go wrong.

Ensure Commitment

- Agree on the best path forward.
- Thank the person for their commitment to use best practice in future.



Delivering the Message

What is the most important part of providing feedback?

- What I say – the words I use
- The way I say it – tone and volume of voice
- What I do while I say it – body language
- What I do in the days after I have said it – leading by example

It is not JUST the words that make the MESSAGE.



Receiving the Message

- Be willing to positively accept safety feedback.
- Receive the comment thankfully; it is a 'gift' for your safety.
- Once you have heard the comments, clarify what your co-worker has said to make sure you understand, e.g.:
 "If I don't check my equipment and PPE, it could lead to an injury, and I will lose more time than I may save..."
- Discuss and agree upon a safer approach to the task.
- Thank your co-worker for helping you to reduce your risk tolerance and to work more safely in the future.



Offering Positive Reinforcement

- Feedback is not only about pointing out at-risk behaviors – it is equally important to reinforce the things done well.



“Well done!”

“Good work Team!”

“That’s the safe way”

“Thanks!”

*“Others could benefit from
seeing the way you do it ...
please share it”*



Assessing Risk Tolerance

- Vision / Case for Action
- What can be measured?
- Strategy
- Risk Tolerance Assessment Workflow



Vision / Case for Action

- As we have shown, many factors influence our risk-related actions and behaviors – by affecting our perceptions or our decision-making
- We can accept risk consciously or unintentionally
 - Consciously – understand risks and choose to accept
 - Unintentionally – don't recognize the underlying hazards, or perceive the full extent of the risks
- But the end result is the same...



What Can Be Measured?

- We can test/assess individuals for these characteristics that drive these behaviors
- One study [next page] has shown that lowest scoring 20 percent of employees are responsible for approximately 45 percent of the safety incidents
- As plans developed to open a new office, we saw a unique opportunity to build safety success into the new location, by assessing an individual's safety mindset and attitude early in their career



Likelihood of Being Involved in an Accident

Safety Score Percentile Ranges	Likelihood of Being Involved in an Accident	
90 th to 99 th	0.6 as likely to have an accident	43% of employees fall into this range, but account for 26% of incidents
80 th to 89 th	0.6 as likely to have an accident	
70 th to 79 th	0.7 as likely to have an accident	
60 th to 69 th	0.7 as likely to have an accident	Average scorers have an average likelihood of accident involvement
50 th to 59 th	0.7 as likely to have an accident	
40 th to 49 th	0.9 as likely to have an accident	
30 th to 39 th	1.0 as likely to have an accident	20% of employees fall into this range, but account for 45% of incidents
20 th to 29 th	1.5 as likely to have an accident	
10 th to 19 th	2.1 as likely to have an accident	
Below 10 th	2.6 as likely to have an accident	

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Strategy

- Team chooses a strategy to systematically assess safety attitudes and behaviors in all new employees as a predictor of on-the-job safety performance.

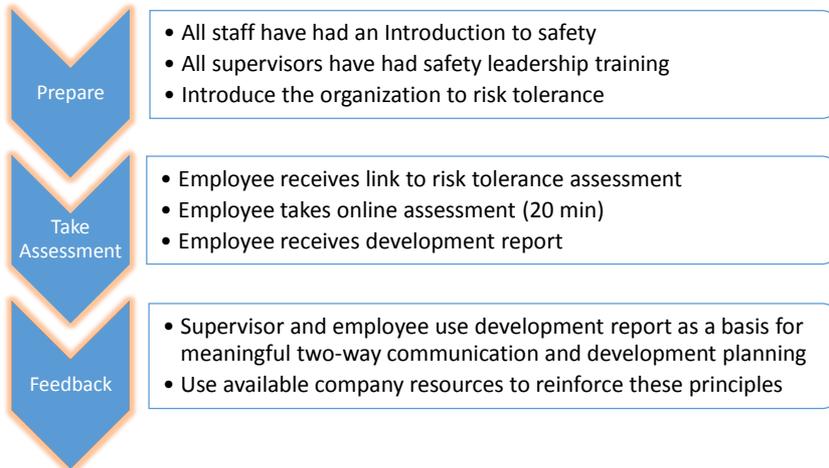
- Integrated into the new-hire process.

Two benefits:

- Use overall assessment results to help develop site safety, security, health, and environment programs appropriate for the population in this region.
- Use individual test results to provide individual feedback regarding specific areas of risk tolerance.



Risk Tolerance Assessment Workflow



Reducing Risk Tolerance moves us toward the goal of a workplace where

Nobody Gets Hurt



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- **Assessing and Addressing Risk Tolerance**

