Testimony
of
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"The Impact of Railroad, Injury, Accident, and Discipline Policies on the Safety of America's Railroads"

Chairman Oberstar, Ranking Member Mica, and Members of the Committee, my name is Bob Grimaila. I am the chief safety officer at Union Pacific Railroad, and I appreciate the opportunity to address the role of railroad policies in promoting safety for you today on behalf of Union Pacific Railroad.

At Union Pacific, safety is our first priority. This means ensuring that every one of our employees does their job in a safe manner and goes home safely every day. Our safety program is more than just rules compliance. It is a commitment to a vision and a process aimed at creating a total safety culture where managers and employees work together to enhance safety at all levels. We have instituted a number of innovative programs to cultivate this vision, which I will outline in my testimony.

Our goal is zero accidents. To enable us to get to our goal, we have systematic processes and explicit policies for managing safety programs and reporting. Unfortunately, accidents do sometimes occur. Our Internal Control Plan (ICP) and our safety policies specify how our managers are to handle personal injuries and the associated reporting. The ICP also spells out the complaint procedures available to all employees to report a potential violation of policy or an instance of suspected harassment

and intimidation. Reporting is done on a confidential basis and with the assurance of no retaliation. This policy and complaint process, which is posted on bulletin boards across our system for employees at their work locations, is attached to my testimony.

We are committed to complete and accurate reporting of all accidents, incidents, injuries, and occupational illnesses arising from the operation of the railroad. In addition, Union Pacific will not tolerate harassment or intimidation of any person who seeks proper medical treatment or reports an accident, incident, injury, or illness. Disciplinary actions – up to and including termination of employment – will be taken against any employee, including supervisors, managers, or officers of the company, who commit a violation of this policy.

We do expect our managers to run a safe railroad, and those that prove better able to do so are going to have more successful careers at Union Pacific. However, the way that a goal is achieved is just as important to us as reaching the goal. Any manager who tries to make himself or herself look better by suppressing accident reports is going to have NO career at Union Pacific.

These are not just words, and we have proven this with our actions. At Union Pacific we back up this policy by taking strong action against those who violate the policy. Some may point to violations and disciplinary actions as an admission that some managers do not adhere to our policy, and they would be right. However, our processes do find them. We believe our actions in these cases show that we are serious about compliance, and that these cases of deviation are the exception, not the rule. Although these cases are unfortunate, our handling stands as evidence of our commitment to live up to our own expectations and that we will not tolerate unethical behavior. In fact, we have issued discipline to sixty-one managers for safety policy violations, including the dismissal of four high level operating managers in the last few years. As a critical part of our vision for safety, we are working hard to drive these to zero.

Today we are moving beyond the traditional command and control approach to safety. A basic safety program involves rules, rules training, testing and compliance enforcement -- a mixture of training and discipline systems. The next step involves safety committees with craft employees working together with their supervisors – the people closest to the work. We know from science and from benchmarking other industries that increasing the level of safety for our employees would be limited if we stopped at this point. As a result, we have taken a path forward for safety which I will briefly describe by summarizing three programs we have underway at Union Pacific.

Part 217 Testing – Field Training Exercises

We are required by FRA regulations to test employee competency in our operating rules. Under an older model, employees were given a certain number of points at the beginning of the year, and these points were deducted if an employee did not, for example, adequately complete rules testing or were observed to violate a safety rule. After a certain number of points were deducted, the employee was subject to training and/or discipline. Today, while points are still deducted for failure to pass a test on the operating rules, we have a much greater emphasis on coaching rather than discipline. In a process that was developed with labor, first and even second offenses are regularly handled with coaching and training, and employees now have the opportunity to earn points back by demonstrating competency in the application of the rules. So, while we still have a point system for rules compliance, it is dynamic and geared more toward coaching than punishment. I would like to be clear about our use of our tracking system. I want to emphasize that the point system is used for rules compliance evaluation only. We do not have a point system for accidents or injuries.

Total Safety Culture

In addition to gearing our testing programs to favor constructive coaching, we are also working to share the day-to-day responsibility for safety management with our employees. Total Safety Culture (TSC) is a peer-to-peer safety engagement process, and

its goal is to fundamentally change the safety culture at the railroad. TSC has employees watching out for each other in a manner that reinforces safe behavior – in a voluntary and non-punitive way. It is a formal observation and feedback process where an employee will observe and comment on another employee's work behavior. They look for, identify and correct unsafe behaviors rather than rules violations. TSC is employees looking out for and caring about the safety of other employees – without direct management involvement, but with full management support.

This is a voluntary program, and it requires a commitment on the employee's part as each employee must be trained in the program. The barriers to this program are sometimes difficult to overcome – for both the employee and the manager. It requires trust on both sides. Employees are concerned about whether or not the data is really confidential, and mangers find it difficult to change from the command and control process. However, we are committed to overcoming these barriers through education and example. We have implemented TSC in our mechanical shops and -- based on the success we have had with a Behavior Sciences pilot supported by the FRA – we are in the process of rolling TSC out with our train and engine employees. Where this peer-to-peer concept has been implemented, it has produced dramatic safety improvements as employees actively watch out for each other.

Confidential Close Call Reporting

Union Pacific's North Platte, Nebraska, service unit is currently engaged in one of the most progressive safety programs in the history of the rail industry. We have found that accidents are often preceded by a close call, and close calls are often not reported. Through a pilot program developed with our unions and the FRA, a confidential close call reporting system called C3RS has been established. Employees are free to report a close call without fear of discipline, and the data gathered is used to develop a safer operating environment. This means that safety information that otherwise would not be reported is collected, and it allows the team to identify and manage risk on a proactive basis. While this type of close call reporting program has become common in the airline

industry, it is revolutionary in the rail industry. Everyone focuses on safety, and it enhances partnerships, trust, and communications across all parts of the rail organization.

Mr. Chairman, our company is over 140 years old and as a result many customs have become firmly entrenched. For years, the culture has been one of command and control. We at UP are taking the steps necessary to shift that paradigm to one of collaboration, respect, and trust.

While we will always need to ensure our employees are competent in operations and the rules of railroading, we are working diligently to create a total safety culture with our employees. We will continue to drive mistakes and accidents out of the rail industry, but we will do so in partnership with our employees. We must all work together to improve the system so that together, we can create a new progressive and total safety culture across all the rail industry.

That concludes my statement, and I would be happy to answer any questions.

UNION PACIFIC RAILROAD COMPANY
ACCIDENT, INCIDENT, INJURY, ILLNESS REPORTING

Effective: January 01, 1997
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POLICY STATEMENT

Union Pacific Railroad is committed to complete and accurate reporting of all accidents, incidents, injuries, and occupational illnesses arising from the operation of the railroad. This includes compliance with Company, Federal Railroad Administration, and other regulatory agency reporting requirements. Union Pacific will not tolerate harassment or intimidation of any person that is calculated to discourage or prevent such person from receiving proper medical treatment or from reporting an accident, incident, injury, or illness. Persons who report alleged violations of this policy are also protected from harassment or intimidation. Disciplinary action, as provided in applicable collective bargaining agreements or in the Union Pacific Guidelines on Ethics and Business Conduct, will be taken against any employee, including supervisors, managers, or officers of the Company, who commit such harassment or intimidation.

COMPLAINT PROCEDURES

Following are the steps for addressing alleged violations of Union Pacific Railroad's harassment and intimidation policy related to reporting accidents, incidents, injuries and illnesses:

Step 1 Any alleged violation of the Accident, Incident, Injury, and Illness Reporting Policy must be reported to the Union Pacific Values Line at 1-800-998-2000. The complaint will be forwarded to the Company's General Director-Ethics and Compliance for follow-up and response.

Step 2 The General Director of Ethics and Compliance will forward the complaint to the highest-level safety officer for the functional area, i.e. Regional (Service Units), Engineering, Mechanical, etc.

Step 3 The safety officer will conduct an internal investigation which will include interviewing the complainant, interviewing the individual against whom the complaint was made, interviewing any witnesses to the alleged violation, and gathering all pertinent facts.

Step 4 The safety officer will forward the information gathered in step 3 to the appropriate department head for review.

Step 5 The department head will determine if the complaint has merit and, if so, what corrective actions are to be taken. Where corrective actions are warranted, the department head will initiate those actions. In all cases, the department head will notify the safety officer of the findings and of any actions taken.

Step 6 The safety officer will notify the General Director of Ethics and Compliance of the results, and the General Director of Ethics and Compliance will notify the complainant of the results of the investigation.