

## MSD Environmental Policy Statement

*As an MSD employee, you know that our agency is committed to environmental compliance and environmental stewardship. Please take a moment to read the MSD Board adopted CERES Principles on the first page of this Policy Statement. Keep in mind that we aren't just putting these principles on paper; we're putting them into practice — with your help. This policy statement summarizes the procedures underlying MSD's commitment to the CERES Principles. Environmental responsibility isn't just a formal policy initiated in the boardroom — it involves detailed implementation at all of our facilities and in the delivery of services to our customers.*

*MSD must also enforce the environmental commitments that it makes. Though it's a harsh word, "enforcing" is the right word. We not only have to protect the environment — we have to protect our citizens/customers and our employees. Environmental violations can result in stiff fines and prison sentences. Punishment and penalties can be imposed upon public and private agencies and businesses, their officers and directors, and individual employees.*

*Compliance with environmental laws requires conscious, continuous commitment by individual employees. It's more than not doing things wrong — it's making the extra effort to do things right. This information which you are receiving relates the CERES Principles to your individual job responsibilities. To ensure your understanding and exacting compliance, it thoroughly explains both MSD's standards and your legal obligations.*

*Compliance is the first step toward Environmental Stewardship. MSD is going beyond compliance to commitment. We are taking extra steps and leading the way to our industry. As the only public agency signatory of the CERES Principles, we demonstrate our dynamic, proactive corporate commitment to environmental stewardship. Your personal commitment is vital to the success of our efforts — and to the preservation of the quality of life in Louisville and Jefferson County and the Earth and its resources for future generations.*

*Sincerely,*

*Gordon R. Garner, P.E.  
Executive Director*

*Sandra Metts  
Chairperson, MSD Board*

*April, 1993*

## **The CERES Principles (Formerly the Valdez Principles)**

By adopting these Principles, we publicly affirm our belief that the Louisville and Jefferson County Metropolitan Sewer District has a responsibility for the environment, and must conduct all aspects of our business as responsible stewards of the environment by operating in a manner that protects the Earth. We believe that MSD and other businesses, both private and public, must not compromise the ability of future generations to sustain themselves.

We will update our practices constantly in light of advances in technology and new understandings in health and environmental science. In collaboration with CERES, we will promote a dynamic process to ensure that the Principles are interpreted in a way that accommodates changing technologies and environmental realities. We intend to make consistent, measurable progress in implementing these Principles and to apply them to all aspects of our operations.

### **Protection of the Biosphere**

We will reduce and make continual progress toward eliminating the release of any substance that may cause environmental damage to the air, water or the earth or its inhabitants. We will safeguard all habitats affected by our operations and will protect open spaces and wilderness, while preserving biodiversity.

### **Sustainable Use of Natural Resources**

We will make sustainable use of renewable natural resources, such as water, soils and forests. We will conserve nonrenewable natural resources through efficient use and careful planning.

### **Reduction and Disposal of Wastes**

We will reduce and where possible eliminate waste through source reduction and recycling. All waste will be handled and disposed of through safe and responsible methods.

### **Energy Conservation**

We will conserve energy and improve the energy efficiency of our internal operations and of services we provide. We will make every effort to use environmentally safe and sustainable energy sources.

### **Risk Reduction**

We will strive to minimize the environmental, health and safety risks to our employees and the communities in which we operate through safe technologies, facilities and operating procedures, and by being prepared for emergencies.

### **Safe Services**

We will reduce and where possible eliminate the use of products and services that cause environmental damage or health or safety hazards. We will inform our customers of the environmental impacts of our services and try to correct unsafe use.

### **Environmental Restoration**

We will promptly and responsibly correct conditions we have caused that endanger health, safety or the environment. To the extent feasible, we will redress injuries we have caused to the environment and will restore the environment.

### **Informing the Public**

We will inform in a timely manner everyone affected by conditions caused by MSD that might endanger health, safety or the environment. We will regularly seek advice and counsel through dialogue with persons in communities near our facilities. We will not take any action against employees for reporting dangerous incidents or conditions to management or to appropriate authorities.

### **Management Commitment**

We will implement these Principles and sustain a process that ensures that the Board and Executive Director are fully informed.

### **Audits and Reports**

We will conduct an annual self-evaluation of our progress in implementing these Principles. We will support the timely creation of generally accepted environmental audit procedures. We will annually complete the CERES Report which will be made available to the public.

### ***Disclaimer***

*These Principles establish an environmental ethic with criteria by which investors and others can assess the environmental performance of companies. Companies that sign these Principles pledge to go voluntarily beyond the requirements of the law. These Principles are not intended to create new legal liabilities, expand existing rights or obligations, waive legal defenses, or otherwise affect the legal position of any signatory company, and are not intended to be used against a signatory in any legal proceeding for any purpose.*

## **How the CERES Principles Are Implemented at MSD**

1. Incorporate environmental considerations into our planning process.
2. Consider and compare the environmental consequences of choosing certain designs, suppliers and contractors when building projects, purchasing supplies or services.
3. Maintain and enhance internal procedures for handling environmental emergencies and meeting other environmental requirements; periodically conduct formal reviews of our activities to assure compliance with environmental regulations and internal procedures, and report results to the board members.
4. Educate all employees on the importance of their conduct in protecting the environment, as well as their own health and safety.
5. Make environmental responsibility and innovation a guideline for measuring employee performance.
6. Make available to employees, customers and the community all relevant information on emissions, waste products and MSD activities which may affect their health and safety.
7. Seek and implement cost effective technologies and practices to minimize emissions, and reduce or safely dispose of waste products in our operations.
8. Pursue methods to prevent pollution and conserve raw materials, including recycling waste and promoting the efficient use of energy through all cost effective means.
9. Promote sound environmental practices within our industry, including the sharing of experiences with others in the U.S. and around the world and the continued support of research and development to facilitate environmental improvement.
10. Develop and maintain open and constructive relationships with environmental groups, regulatory agencies, public officials, business and residential customers, employees and concerned citizens.

### **Pollution Prevention**

The foundation of any of MSD's environmental stewardship programs and policies is pollution prevention. MSD is continually searching for ways to use less energy, less consumptive materials, and especially less toxic chemicals in the way we do our business.

Often this is a challenge to well-established, well-entrenched practices. Change, even positive change, can be difficult to achieve. Every employee is a part of our pollution prevention team and is expected to identify opportunities and to implement pollution prevention.

The basic priorities of pollution prevention are as follows:

- Don't create the pollution in the first place.
- Substitute less toxic materials whenever feasible.
- Recycle or reuse those materials that cannot be eliminated or reduced.

- Ensure that the waste products that cannot be eliminated, recycled or reused are disposed of in a proper manner that minimizes adverse impacts to the environment.

MSD uses energy, materials and resources in everything that we do that a pollution prevention strategy can be applied to.

The basic process for implementing a pollution prevention strategy includes the following steps:

1. Obtain baseline data on use of material and resources.
2. Establish goals for reduction and develop a plan including who, what, when, where and how.
3. Implement the plan.
4. Monitor progress.
5. Share your results and experiences (positive and negative) with others.

MSD encourages every employee to implement pollution prevention in their work area. No effort is too small to be considered insignificant.

## **Environmental Crimes and Penalties**

Over the last several years, changes to environmental criminal laws have broadened the scope of activities subject to criminal enforcement, and have increased the severity of the punishments that can be imposed upon offenders. Criminal penalties may be imposed upon MSD and/or the individual who actually committed the wrongful act, depending upon the circumstances.

Most environmental laws impose criminal liability upon a person who knowingly violates the law. The “knowledge” required to convict may not require a person to have actual knowledge that a law was broken. Sometimes, simply having some responsibility within an agency or a business that deals with regulated materials (as MSD does) can be enough to infer criminal knowledge. Knowledge can also be inferred where a person deliberately closed his or her eyes to a problem. In other words, no intent to violate a law may be necessary to incur criminal liability. If you have any doubt about the appropriateness of your proposed actions or the actions of others regarding environmental activities, consult the MSD Legal Department for advice. Environmental wrongdoing can take many forms, including:

- **Recordkeeping, Monitoring and Reporting Violations**

Federal and state environmental statutes make it a crime to knowingly make a false statement in, or omit material information from, documents required to be submitted or filed under the law. Such documents include permit applications and monitoring reports. It is also a criminal offense under several environmental laws to fail to file a required notification or report, or to falsify or tamper with a monitoring device.

Penalties for these crimes can be significant: up to 2 years imprisonment for a first-time offense (double for repeat offenses), and/or a sizable fine. You should know the specific recordkeeping, monitoring and reporting requirements for your job. If you have questions or concerns, please discuss with the MSD Legal Department.

- **Violations Arising from Releases and Spills**

Failure to notify the appropriate authorities of an oil spill, hazardous substance release, or hazardous air pollutant release is made a crime by several environmental laws. The procedures for spill reporting are outlined in the MSD Emergency Response Plan should be followed in the event you witness a release into the environment of any substance that may have hazardous characteristics, including petroleum products. Complying with the reporting requirements protects the person making the report from criminal prosecution for failure to report the spill or release.

Releasing oil or a hazardous pollutant, substance or waste into the environment (outside of permit limits) is a crime under most circumstances. Furthermore, the willful knowing release of a hazardous pollutant, substance or waste, which places another person in imminent danger of death or serious bodily injury are punishable by a fine and/or imprisonment up to one year.

- **Construction Related Violations**

Kentucky has an abundance of wetlands, streams and lakes which are under the jurisdiction of the state and federal governments. Any nearby construction work may require a permit. Do not assume that a stream is too small to be regulated. The Kentucky Department of Natural Resources requires permits for projects affecting streams as small as those with only one square mile of drainage area. Moreover, under the Clean Water Act, criminal activity includes the “knowingly” filling, building, dredging, excavating or depositing of material, even soil, in a wetland, lake or stream without a permit. The Army Corps of Engineers issues permits for such activity with guidance from EPA. Failure to obtain a permit, or violation of permit conditions can subject an individual to a fine of \$5,000 or \$50,000 per day of violation, and/or imprisonment for up to three years.

The Endangered Species Act is another law which must be observed during construction or maintenance activities where such work is undertaken in the habitat of an endangered plant or animal. If the work results in a “taking” of an endangered plant or animal, criminal penalties could include a fine and/or imprisonment. “Taking” is defined as harming an animal, which can include destruction of its habitat. MSD is also concerned about protecting endangered and threatened species that are not part of the federal list. Kentucky is one of the few states that does not have a state list. MSD is working with the Nature Preserve Commission to assess potential impacts of our projects on non-federal endangered/threatened species.

## **Environmental Auditing**

An environmental audit is a systematic appraisal of facilities and their operations to identify and provide feedback regarding compliance with environmental regulatory requirements. As this definition implies, the auditing component provides the feedback necessary to assure that MSD is fulfilling our objective of environmental compliance.

Formal assessments have been and will be conducted to assure compliance with environmental regulations and internal procedures. Auditing educates those being audited by benchmarking their activities against regulatory requirements, pointing out areas of non-compliance and recommending enhancements to the system to remedy any deficiencies.

The nucleus of environmental auditing consists of interviewing employees and independently reviewing a location's compliance practices.

Briefly itemized below are each employee's responsibilities regarding the environmental auditing process:

When requested to do so by any regulatory body,

- Candidly and honestly discuss and answer questions regarding your facility's practices in meeting regulatory requirements.
- Disclose public records and data when requested to do so, consistent with MSD's open records policy.
- Implement audit recommendations for corrective actions, if necessary, and system enhancements in a timely manner.

## **Confidential Reporting System**

MSD has established a reporting system to allow employees to report environmental noncompliance by MSD, MSD employees or contractors. Reports may be made anonymously and will be handled confidentially.

The MSD Legal Department **SHOULD CONTINUE TO BE CONTACTED DIRECTLY REGARDING DAY-TO-DAY ENVIRONMENTAL MATTERS AND REQUESTS FOR INFORMATION AND TECHNICAL ASSISTANCE.** However, anyone who is aware of any unreported violation of environmental regulations or requirements should report such violation to MSD Legal Department or MSD's Executive Director.

MSD policy prohibits retribution or retaliatory actions which could adversely affect the employment status of any employee who reports a violation of any law or rule. All reports are confidential and will be promptly and thoroughly investigated or caused to be investigated by the MSD Legal Department.

## **Environmental Considerations In Employee Evaluation and Hiring**

Employee performance evaluations will consider an employee's history of environmental compliance to determine, among other things, whether the employee should be given discretionary authority over environmental protection areas. Each employee will also be evaluated as to whether he or she demonstrates compliance with applicable environmental laws and supports environmental stewardship and the CERES principles.

Employees who violate MSD's environmental procedures, or federal, state or local environmental laws or rules, or employees who have a duty to report violations, but who fail to do so, will be subject to disciplinary action - up to and including discharge. Employees who have the responsibility to detect violations but fail to do so will also be subject to disciplinary action - up to and including discharge.