



Union Pacific Railroad



Responsible Care Annual Report

Responsible Care is a public commitment by Union Pacific Railroad and the chemical industry to improve our health, safety and environmental performance and be responsive to public concerns relating to the distribution and use of chemical products.



UNION PACIFIC RAILROAD COMPANY



January 2002

As a partner of the American Chemistry Council (ACC), Union Pacific is committed to support a continuing effort to improve the industry's responsible management of chemicals. We pledge to manage our business according to the following principles:

- To recognize and respond to community concerns about chemicals and our operations.
- To make health, safety and environmental considerations a priority in our planning for all existing and new processes.
- To report promptly — to officials, employees, customers and the public — information on chemical-related health or environmental hazards and to recommend protective measures.
- To counsel customers on the safe transportation of chemical products.
- To operate our facilities in a manner that protects the environment and the health and safety of our employees and the public.
- To extend knowledge by conducting or supporting research on the health, safety and environmental effects of our processes and waste materials.
- To work with others to resolve problems created by past handling of hazardous substances.
- To participate with government and others in creating responsible laws, regulations and standards to safeguard the community, workplace and environment.
- To promote the principles and practices of Responsible Care by sharing experiences and offering assistance to others who produce, handle, use, transport or dispose of chemicals.

Union Pacific's guiding principle is that "all incidents are preventable." We have a long-standing commitment to the continuous improvement of the safety, health and environment for our employees, our customers and within the communities we serve.

A handwritten signature in black ink, appearing to read "Ike Evans".

Ike Evans
President and COO, Union Pacific Railroad



**Community Awareness and
Emergency Response
(CAER)**



Distribution



**Employee
Health and
Safety**

Overview of Responsible Care Program

Responsible Care is an industry initiative aimed at fostering effective management of the environment, health, and safety risks that arise from the development, production, distribution and use of chemicals. The American Chemistry Council (ACC) adopted the initiative in 1988 in response to public concern about the safe management of chemicals. Through Responsible Care, ACC members and partner companies are committed to the continuing effort to improve the industry's performance with chemicals.

The Responsible Care initiative contains six codes of management practices. Members commit to carrying out the practices of each code as they apply to their specific operations.



Process Safety



Pollution Prevention



Product Stewardship

Community Awareness and Emergency Response (CAER)

Promotes emergency response planning and encourages dialogue with local communities.

Responsible Care requires its member companies to develop mechanisms for outreach with the communities in which they operate. Many companies have found that establishing a Community Advisory Panel (CAP) is an excellent way to accomplish this mission. A CAP may include civic leaders, business leaders, clergy, health care providers, etc. The CAP is a group of individuals who have made a commitment to meet with the management of the local rail facility on a regular basis (usually once a quarter) to discuss health, safety and environmental concerns.

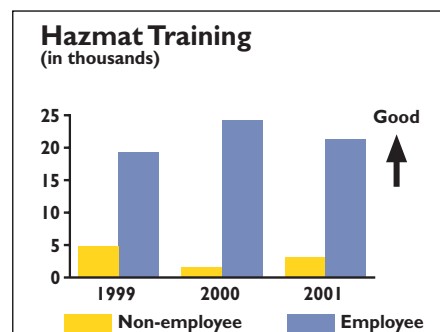
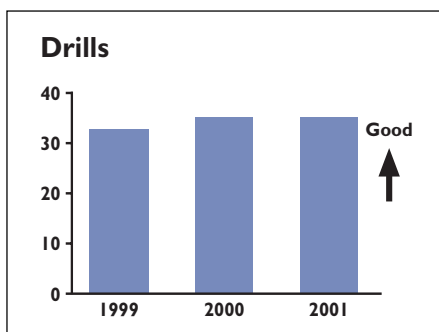
Union Pacific established the first CAP in North Little Rock in November, 1997, followed by North Platte in May, 1998. These terminal locations were identified for CAP programs due to the volume of hazardous shipments moving through the communities. The establishment of the CAP in these communities has aided in the sharing of health, safety and environmental concerns and has also aided in the fine tuning of the local emergency response plan.

Highlights for 2001

- Assisted the North Platte CAP in producing and distributing Safety Wheels for North Platte citizens.
- Established a direct communication process between the CAP and North Platte managers to expedite the handling of questions and concerns, and assigned additional managers to serve on the CAP.
- North Platte CAP assisted in the planning for the Transcaer Training Tour stop and toured the equipment.
- Worked with the North Little Rock CAP to expand the CAP process to additional nearby communities along our lines.
- All UP field managers completed training on emergency response procedures, and site emergency response plans were updated.
- Established a uniform hazardous material training program for Chemical Transportation Safety personnel, and placed all administrative hazmat safety areas under the Hazardous Material Safety group.
- Continued to perform a large number of emergency response drills with communities along our lines.
- Distributed a statement concerning our S, H & E policy and placed it on any new public safety documents.

Goals for 2002

- Join or form two new CAP's.
- Continue expanding the CAP outreach process at North Little Rock and North Platte to additional nearby communities.
- Expand the number of community emergency response drills performed annually.



Distribution

Focuses on improving the safe transportation, storage, handling, transfer and repackaging of chemicals.

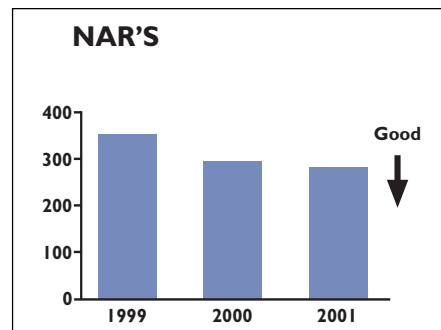
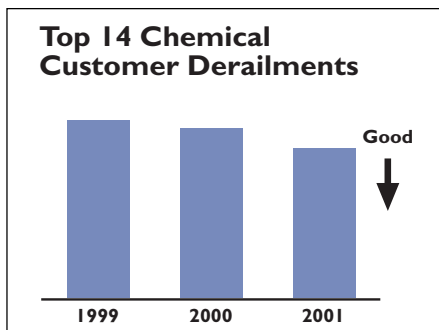
Work in this code includes performing route risk analysis and reduction processes, continuous improvement in shipment safety, and emergency response training/drills in communities along Union Pacific routes. As the largest land transporter of hazardous materials, Union Pacific has always taken a lead role in these activities. Our transportation routes are the safest in the world and our community training programs exceed all other railroads. We have won the Transcaer National Achievement Award a record three times. We also work closely with our chemical customers to reduce Non-Accident Releases (NAR's) and enhance security measures at the plant level and along our chemical routes.

Highlights for 2001

- Completed work on the Non-Accident Release Risk Assessment (NARRI) model, which will reduce NAR's and their impact.
- Used hazmat route risk analysis process to prioritize track capital improvement programs.
- Developed, managed and cosponsored the 2001 Transcaer Training Tour that stopped at eight cities and trained 1,500 emergency responders.
- Continued to reduce the number of derailments, especially chemical customer shipments.
- Reduced system NAR's, and issued the Pinnacle Award to our safest customers.
- Continued to train large numbers of employees and non-employees on hazardous material safety and emergency response matters.
- Continued the daily monitoring of hazardous time-sensitive shipments to ensure on-time and incident-free delivery.
- Established numerous processes to enhance security at facilities and routes handling hazardous shipments.

Goals for 2002

- Implement use of NARRI on system NAR's.
- Continue enhancing security for rail shipments.
- Work with additional states to operate a 2002 Transcaer Training Tour and help develop major Transcaer community events.
- Integrate route risk assessment process into the derailment prevention program.



Employee Health and Safety

Protects the health and safety of employees and visitors at our facilities.

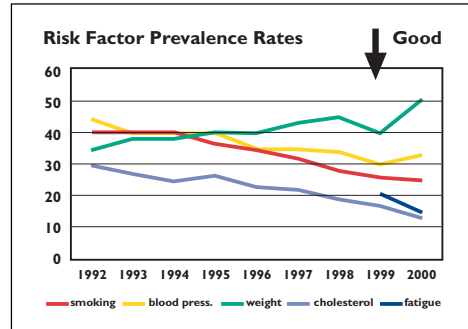
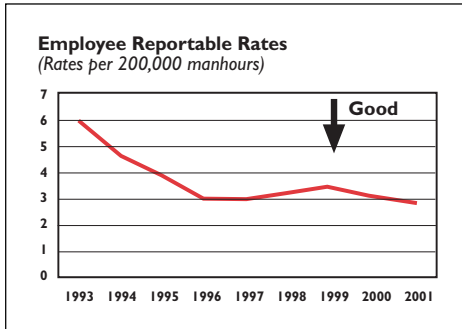
This code focuses on workplace health and safety. UP's commitment extends to improving all employee health issues and communicating those issues to all employees; evaluating and eliminating all workplace hazards; incorporating safety ergonomics, integrating facility audits and workplace injury investigations into all work routines; and developing a world-class wellness and safety training program.

Highlights for 2001

- Programs were well established with high employee participation.
- Over 10,000 employees participated in the Health Track program in 2001
- All job tasks evaluated.
- Personal injuries and crossing accidents continued to be reduced.
- Enhanced security processes established to protect our employees.
- Operation Lifesaver programs presented to 550,429 in 2001 — including 3,400 law enforcement personnel.
- Over 45,000 trespassers apprehended.
- RN's working at major facilities.
- Awarded the C. Everett Koop Award for the third time.
- Awarded the Wellness Council of America's Platinum Well Workplace Award.

Goals for 2002

- Reduce Personal Injuries by 15 percent.
- Begin deployment of the Automatic External Defibrillator program to field locations.
- Improve the medical surveillance program.
- Improve IH surveys at major facilities.
- Continued deployment of Health Track Program to help reduce lifestyle related health risks in our employee population.



Pollution Prevention

Protects people and the environment by promoting the reduction and safe management of wastes.

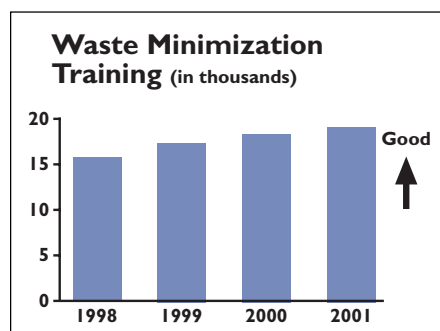
We are committed to reducing the amount of contaminants and pollutants from our operations. We have ongoing programs that inventory our facilities, establish reduction priorities, educate employees and address possible community concerns. We continually measure our progress, incorporate waste minimization in all new facility designs, routinely review our contractor's performance and have an excellent prevention and early detection system for spills. Additionally, we have had an ongoing clean-up program for many years at our older facilities.

Highlights for 2001

- Completed the pilot program within each region for establishment of the Tier II audit process for environmental responsibility.
- Trained over 19,000 employees and community members on waste minimization and releases of hazardous materials.
- Core pollution prevention policies and procedures implemented across the system.

Goals for 2002

- Full implementation of the Tier II audit process for environmental responsibility.



Process Safety

Focuses on operations by helping prevent fires, explosions and accidental chemical releases.

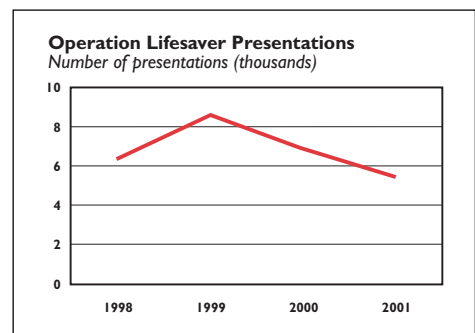
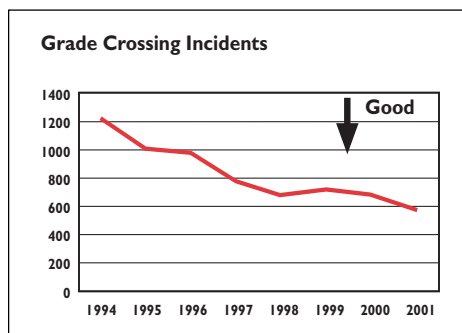
At Union Pacific, safety is our top priority, which includes the elimination and prevention of all workplace injuries. We worked toward this through a variety of employee/management teams, but our key strength are the operating and safety parameters/procedures focusing on safety. Developed through our Total Quality Management system, these QSP's, or quality system procedures, ensure all employees follow the same safety and operating steps.

Highlights for 2001

- Field visits by the SHEOP and Safety Strategy Team.
- Developed a template for all work units to utilize when building their 2001 Grade Crossing Safety Action Plan.
- Introduced the Summer Spike initiative to address the increase in personal injuries that occur during the summer.
- Formed the Safety Intervention Team to visit work units not making their safety goal and assist them in revising their Safety Action Plan.
- Developed and implemented a new Proper Handbrake Operation video.
- Introduced a Winter Spike initiative.
- Introduced Safety Basics video series on safety rule compliance.
- Regular safety training with all train, engine, and yard employees.
- Train, engine, and yard personnel received annual hazmat refresher course with a rules exam.

Goals for 2002

- Reduce grade crossing collisions by 10%.



Product Stewardship

Manages chemicals from initial purchase through recycling and disposal.

Our code ensures that the suppliers and the products we use meet UP and Responsible Care standards in Environmental, Health, Safety and product quality. This code provides resources to UP employees for compliance on use and disposal of all chemical products. Education and/or training about chemicals we use and transport is provided to our employees, customers, and contractors for proper handling and disposal methods. This commitment starts with leadership in our Supply Department and is incorporated into all facets of our purchasing practices and product utilization/handling by our employees.

Highlights for 2001

- Contracted environmental consultants to assist in our processes.
- Critical to Quality (CTQ) based procurement.
- Use of global sourcing for supplies and materials.
- Improvements in inventory control processes.
- Industry leadership on the National Association of Purchasing Managers Rail Industry Forum, focusing on packaging issues for safe handling, transportation and storage. Packaging and tracking compliance established.
- Enhanced SHEOP review to internal material storage/distribution locations.

Goals for 2002

- Refinement of Supplier Effectiveness tracking programs.
- Expand Safety, Health, Environmental and Operating Procedures (SHEOP) reviews to on-site contractors.
- Expand e-commerce initiatives to improve direct shipment orders for internally-used products and minimize handling and storage requirements.
- Continue with internal inventory initiative to reduce on-site storage of hazmat materials.

At Union Pacific, Responsible Care means:

- continuous improvement in protecting our health, safety and the environment
- handling ALL freight in an incident-free and responsible manner
- encouraging dialogue with local communities
- exceeding the intent of the six Codes of Management Practices
- all our employees working safely every hour, every day

Union Pacific Responsible Care Contacts

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