

Evaluation and Audits

I PURPOSE

This procedure is to establish, implement, and maintain the following:

- An effective system to be used by the COMPANY to periodically evaluate compliance to applicable legal and other requirements.
- The requirements for planning, establishing, implementing, and maintaining an internal audit program and for conducting internal audit activities (1st party and 2nd party audits).
- The requirements for external audits (3rd party audits).

2 SCOPE

This procedure applies to all COMPANY activities within the scope of the IMS.

3 DEFINITIONS AND ACRONYMS

Definitions

Refer to ISO 19011:2002, Guidance for Management Systems Auditing for additional audit definitions.

Adequacy is the extent to which the IMS is sufficient to meet the specifications of ISO 14001, OHSAS 18001 and the COMPANY's requirements.

Audit Criteria is the set of policies, procedures or requirements.

Audit Evidence is all records, statements of fact, or other information, which is relevant to the audit criteria and is verifiable. Audit evidence may be qualitative or quantitative.

Audit Findings are the results of the evaluation of collected audit evidence against audit criteria.

Audit Plan is the description of the activities and arrangements for an audit.

Audit Program is the set of one or more audits planned for a specific time-frame and directed toward a specific purpose. An audit program includes all activities for planning, organizing, and conducting the audits.

Auditee is the organization being audited.

Client is the entity requiring the audit.

Effectiveness is the extent to which planned activities are realized and planned results achieved.

Legal Requirement is the federal, state and local laws, regulations, permits, licenses and other government authorities.

Management System Audit is the systematic, independent, and documented process for obtaining audit evidence and evaluating it objectively to determine the extent to which the audit criteria are fulfilled.

Other Requirement is a voluntary and obligatory directive such as a corporate requirement, supplier requirement and voluntary agreement.

Suitability the extent to which the IMS is relevant to the COMPANY's intended purpose

Acronyms

CAR	Corrective Action Register
EMR	ESR Management Representative
ESR	Environment and Social Responsibility
HMR	HSLP Management Representative
HSLP	Health Safety and Loss Prevention
HSM	Health and Safety and Loss Prevention Senior Manager
KPI	Key Performance Indicator
NCN	Nonconformity Notes
SEM	Site Senior Environmental Managers

4 ROLES AND RESPONSIBILITIES

Document Owner

The EMR and HMR

Responsible Roles and Position-Holders

Auditor is a person with the competence to conduct an audit.

Audit Team is one or more auditors conducting an audit. One auditor of the audit team is appointed as the Audit team leader.

Personnel trained inspections or sampling are COMPANY staff that are competent to conduct inspections, do sampling, prepare samples for analysis

Registrar – An external, independent, accredited auditing organization which can provide registration or certification of conformity to ISO 14001 and OHSAS 18001.

5 DIRECTION

At a minimum of every three years, the COMPANY shall request legal compliance audits and may include consideration for legislative and non-legislative commitments.

Evaluation of Compliance

At a minimum of every three years, the COMPANY shall request legal compliance audits and may include consideration for legislative and non-legislative commitments.

COMPANY Legal shall commission the legal compliance audits to be carried out by a COMPANY preferred provider, operating under legal privilege.

At least once a year, HSLP shall conduct audits throughout the COMPANY operations for itself and its contractors to address all aspects of the HSLP program.

As relevant and applicable, the SEMs and HSMs or designee(s) shall perform the following.

- a** Supervise or contribute to periodic evaluations of compliance to legal and other requirements using the following techniques:
 - 1** Internal inspections of specific compliance requirements. Inspections shall include general workplace pre-shift inspections, equipment pre-use inspections, and general inspections. Inspections shall also include salaried staff on a per quarter basis as a component of KPIs.
 - 2** Periodic, scheduled and unscheduled agency inspections
 - 3** Sampling and testing as required by regulatory permits, as described in related SOPs.
 - 4** Field compliance checks and observations.
- b** Where relevant, record the legal or other requirement (e.g. regulation, permit, code, etc.) being evaluated.
- c** Ensure the reports with the results of the periodic evaluations are retained.

Internal Audits

In order to minimize detail of applicable audit principles and audit processes in the procedure, refer to ISO 19011 the international guidance for Quality and/or Environmental Management Systems Auditing or other recognized audit methodologies for applicable audit principles and audit processes that can be employed for internal audits related to managing an audit program, audit activities (conducting an audit) and competence of auditors.

Internal Audit Programs

The EMR and/or HMR, with assistance as required from the Audit team leader (employee or contracted service) shall perform the following.

- a** Determine and develop the internal audit program, which consists of, at a minimum, one internal audit per calendar year.
- b** Establish the objectives of the audit program for the year.
- c** Identify the resources for the audit program.
- d** Document the audit program information for the Leadership Team to review.

- e Ensure the audit team and support resources develop, implement, and record the audit program requirements for each audit.
- f Monitor and review the completed audit program prior to the development of the next year's program in order to incorporate improvements for the audit program.
- g Present the audit program at an appropriate management review at a Leadership Team meeting for approval. The approved audit program shall be the record of the audit program.
- h Verify internal audits shall be conducted, using personnel from within the COMPANY or by external person(s) working on its behalf. The auditor(s) shall be competent, and in a position to do so impartially and objectively.

Internal Audit Activities

The audit team leader shall perform the following:

- a An Audit Plan will be developed based on the results of risk assessments, specific loss exposures, and previous audit results to ensure that all required elements are included.
- b Undertake the audit, in conjunction with the audit team, using the audit principles and relevant audit activities detailed in Sections 4 and 6 respectively of ISO 19011. The opening and closing meetings, including attendees shall be recorded by the audit team leader or designee.
- c Record the audit results within 14 days of the completing the on-site audit activities.
- d Forward the draft audit report to the client and auditee for factual accuracy review, including input by the auditee(s). Relevant comments shall be provided to the Audit team leader and the report will be finalized and provided to the EMR and HMR (or only one of depending upon the scope of the audit) for approval and for subsequent submission to the Leadership Team.
- e The auditee shall record audit findings in the CAR.

External Audits

External audits are 3rd party audits conducted by external, independent auditing organizations, such as those providing registration or certification of conformity to the requirements of ISO 14001 or OHSAS 18001.

The Registrar shall perform the following.

Undertake system audits in order to determine the degree of conformity and effectiveness of the system against the declared registration criteria.

Ensure that all elements of the IMS are reviewed for conformity within a period of one year.

Submit, prior to each audit, an audit plan detailing the elements to be reviewed. The audit plan shall also rationalize the planned review of specific operational controls.

Develop nonconformity notes (NCNs) in the audit results to be corrected before conformance to referenced documents can be granted.

Conduct the registration audits on a three year cycle, with surveillance audits occurring annually between the re-registration audits.