

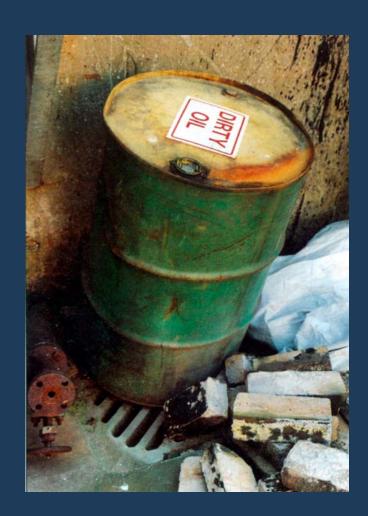
# Providing Environmental Assurance – The Role Of An Independent Environmental Auditor

Dr Trevor Perry



### The Risks

- Fines & custodial penalties
- Clean-up costs
- Corporate assets/value
- Reputation and public perception
- Product / process restrictions
  - Your key suppliers
- Media target the big names
  - Your contractors
  - Your customers





### I'm All Right, Jack

- "We don't make anything particularly nasty"
- "We've got ISO 14001"
- "We only use reputable contractors"
- THINK
  - Would this be sufficient for safety?



- Prosecuted companies cover all sectors
- Statistically ISO14001 gives NO PROTECTION
- "Reputable" contractors have been prosecuted
  - You retain the legal liability for waste offences.



### What is ISO 14001?

- Environmental Management System standard
  - Similar to QMS
  - Similar limitations
- What is it NOT?
  - No measure of performance
  - No improvement in prosecution record
  - False sense of security?
- Risks often given less emphasis than impacts.



### ISO 14001 In Action

- Hazardous Waste Facility (Midlands)
  - 12 major breaches of Waste Management Licence
  - Visible damage to neighbouring land
- Major engineering company
  - Failure to comply with >50% of statutory (APC) process authorisation conditions
  - Average VOC emissions >ten times legal limit for peak emissions
  - Discharging Trade Effluent in breach of consent
  - ALL waste disposal in breach of statutory obligations

### Managing Risks Through Environmental Auditing



- Non-prescriptive
- Focus on the key/relevant issues
  - Compliance with legislation
  - Environmentally risky practices
    - Controls?
  - Liabilities & business risks
  - Environmental & ethical performance
    - Cost savings?
  - Contractor / supply chain control
- Delivers increased assurance

### Independent Environmental Auditor – Added Value



- Commercial and managerial independence
  - Not prejudiced by external factors "objective"
  - Internal staff are rarely fully decoupled from the performance
- Legislative knowledge
- Fresh eyes
  - Familiarity causes "blindness"
- Wider industrial perspective
- Acceptability
  - Independent findings are more easily incorporated into strategic decision making
  - External acceptability (customers, public, regulators)

# What should I look for in appointing an IEA?



- EARA registration scheme
  - IEMA (www.iema.net)
  - Principal EA, Auditor, Associate
- Experience in related areas
  - Insight & understanding of impacts/risks
- Not looking for
  - Systems auditors
  - Lists of non-conformances

# Case Study –1 Marine Services within MOD



- Contractorisation of Marine Services
  - Tugs, transfers, range support, buoys, etc.
  - Various locations
- MOD will only have indirect control via a contract.





## Marine Services





## Marine Services





## Marine Services



# Environmental Issues for the Customer



- Satisfy SoS obligations
  - **7** EMS
  - Environmental assessment
- Ensure that contractor fulfils daughter obligations
- Ensure that environmental risks are minimised
  - Public perception of private sector
  - Limited downstream direct control
- Cost-effective



#### Assurance

- Initial reviews of bidders' operations
  - Detailed understanding of practices and issues
- Environmental Management Plan established
  - Defines requirements
  - Role of an IEA for ongoing assurance
  - Input to contract negotiations
- Post-Contract Audits
  - Assess adequacy of deliverables
  - Periodic audits of operations
    - Identify shortcomings
    - Advise on improvements



#### Added Value for the Customer

- Confidence & Assurance
  - Obligations met
  - Risks minimised
- Avoidance of costly contract variations

# Case Study –2 Indesit Company



- White goods manufacturer
  - Indesit, Hotpoint, Creda, Ariston
- 4 major UK sites
- Regulated processes
  - Paint application
  - Isocyanates
  - Landfill
- Products have High Street brand image / reputation





## Indesit Company Blythe Bridge



# Environmental Issues for the Customer



- Risk to reputation / sales
- Ensure legal compliance
- Desire for good environmental practice
- Forward planning
  - Process & product restrictions



#### In Practice....

- Programme of audits of each site
  - Legal compliance
  - Risks
  - Effectiveness of environmental management controls
  - Benchmark against best practice
- Identified issues and risks
  - Prioritised recommendations
  - Promoted knowledge transfer



#### Added Value for the Customer

- Risk to Brand Image & Reputation minimised
- Improved awareness & control
- No regulatory action



### **Overall Conclusions**

- Environmental risks are varied and a commercially significant threat to business
- ISO14001 offers little or no protection
- Independent Environmental Auditing offers a costeffective way to identify & manage the risks



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