

Providing Environmental Assurance – The Role Of An Independent Environmental Auditor

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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
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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)
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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
 - 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 cost-effective way to identify & manage the risks

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