

Nexfor's risk-based auditing system

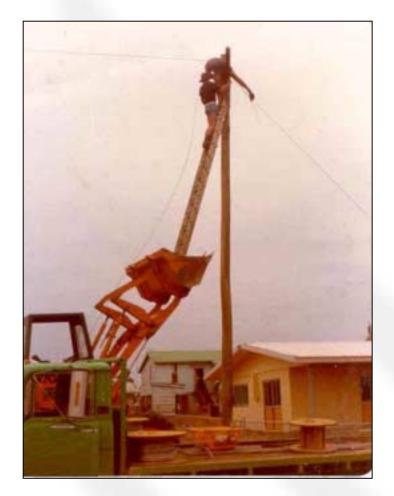
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Change

"It is not necessary to change, survival is not mandatory." - R. Deming



What we have <u>not found</u>,.... and trust we never will:





'Maintenance risks?'

Presentation summary

- Who is Nexfor?
- Old Audit Program
- Problems
- Objectives
- Risk-based auditing
- Improvements
- Results



Who is Nexfor ...

- Multinational Forestry company 8000 employees worldwide formerly Noranda Forest Inc.
- Make pulp, paper, plywood, OSB, MDF, lumber, Ijoists
 - United Kingdom 3 mills
 - Canada 8 mills
 - United States 15 mills
- Pulp and Paper, forestry operations all ISO 14001 certified, some forest operations certified SFI, SFM, FSC



Old EHS Audit Program

- Three year cycle
- Cover EHS compliance and some elements management systems
- Audits in many jurisdictions
- Wide variety of operations 100 to 1100 employees, converting plants to paper mills
- Mainly internal audit teams



Problems

- Audit criteria / expectations not clear or current
- Very different plants = different priorities due to different risks
- Auditors de-motivated
- Findings not helpful symptoms of lack of expertise and time
- Lack of new knowledge and "new ideas"



Objectives

How to evolve our audit system to apply to all of the varying conditions...

- Risks (technical)
- Sizes
- Jurisdictions

...while reducing audit interventions?



Objectives

- Continue to cover compliance AND conformance
- Work within a similar auditing and reporting framework

Due diligence	Proactive
Sharing best practices	Consistent
Performance improvement	Complete



Process

- Stakeholder surveys
 - Board of directors,
 - operations managers,
 - EHS coordinators
- Consultant input



How did we do it?

Risk-based auditing!

- Increased the role of EHS Management
 Systems
- Improved tools and documentation
- Improved pre-audit process

Risk based auditing

- Use pre-audit risk assessment to identify significant risks and specific needs for the site
- Assemble an audit team with the expertise required to effectively audit those areas
- Audit those areas in depth



Risk based auditing

- Audit EHS MS to ensure oversight process in place between audits
- Ensure that ALL risk areas are audited over 3 cycles
- Avoid duplication of ISO, insurer or other audits



System Improvements

- Simple language expectations / audit criteria
- More input into audit planning from all levels or management
- Flexibility & versatility:
 - Can fix a set of audit elements for the year or cycle
 - Optional follow-up audits
 - Audit some programs simultaneously across the company



Reporting Improvements

- Improved findings writing
- Development of 'possible' root causes in the final report
- Yearly analysis of findings common findings, best practices
- Prioritization of findings using a coloured table (visual) – the Audit Matrix



Results

- Improved audit system for
 - operations
 - auditors
- Better tools
- More efficient use of resources / streamlined / less duplication
- Continues to protect managers and the Board from legal liability



Quotes

- "By focusing on the big risks first and managing those better we'll be improving EHS performance"
- "I've been in this business for 20 years...worked for three different companies and have never had such a focused and valuable audit experience"
- "I've been trying to get a clear answer to that question for 10 years!"



Next steps

- Improve internal auditor pool :
 - Management Systems knowledge
 - Qualifications
 - Audit frequency
- Improve 'Health' auditing integration



Next steps

- Develop more Intranet tools
- Build pool of external resources
- Establish new goals conformance vs effectiveness?



Change

"Progress is impossible without change and those who cannot change their minds cannot change."

- George Bernard Shaw



Visible Improvement

 Here are a few photos of things we no longer encounter since we've improved the audit system





'Enforcing Personal Protective Equipment policy?'





'Safe use of Mobile Equipment?'

