



Norbord

EHS Auditing

CEAA Conference

October 14, 2004

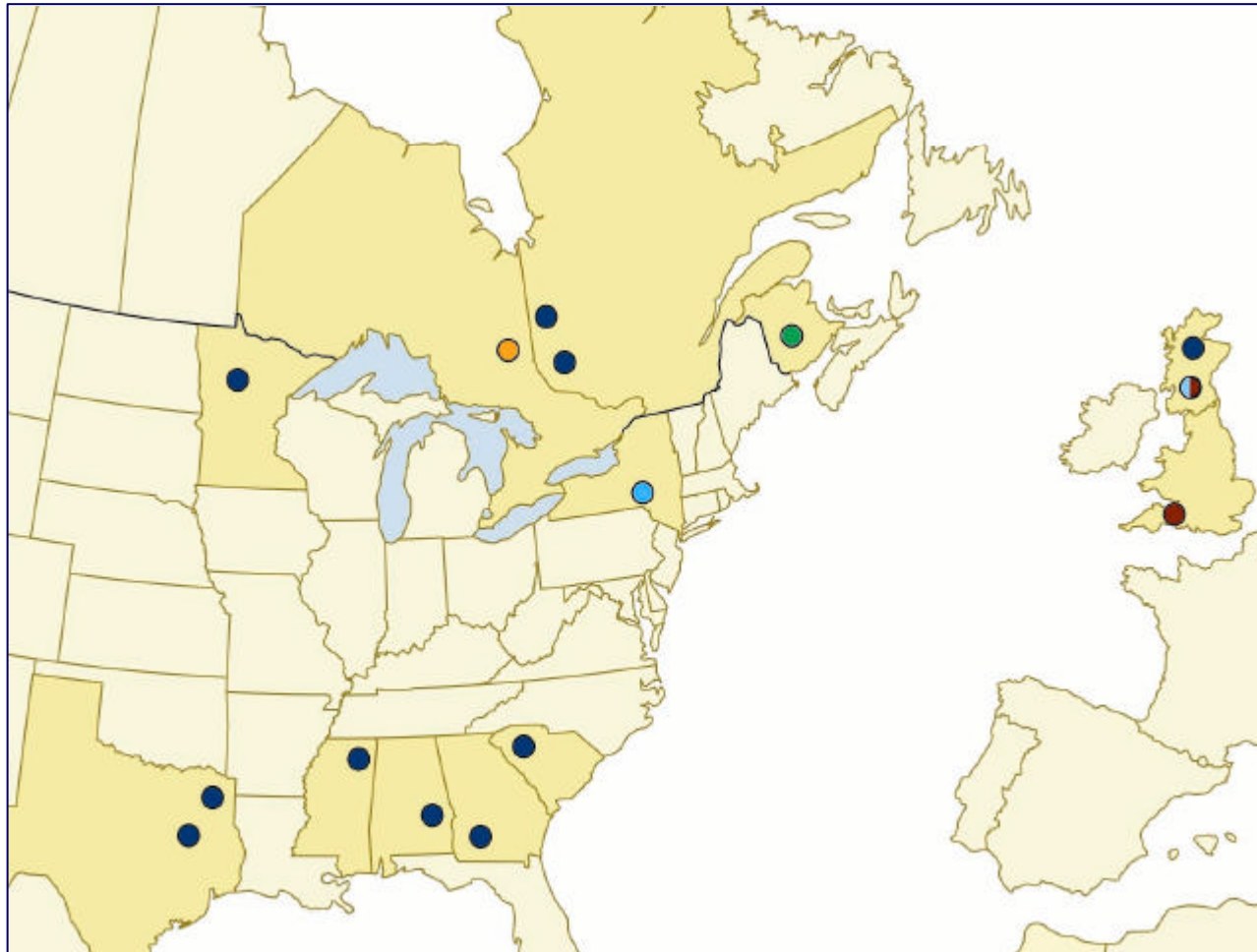
Sheri R. Weeks

www.norbord.com

Facts and Figures

- Formerly known as Nexfor Inc.
- Publicly owned, listed on TSX (NBD)
- Employees: 2,700
- #1 panel producer in the U.K., #2 OSB producer in U.S.
- Net sales: \$1 billion
- Assets: \$1.3 billion
- Earnings: \$178 million
- Annualized Return on Equity: 57%
- Return on Capital Employed: 45%

Operations



Mills

- 10 OSB
- 2 MDF
- 2 Particleboard
- Hardwood Plywood
- I-Joist

Environment Policy

Norbord recognizes that our environment is fundamental to our existence, and that our businesses and the communities where we operate depend upon its health. We strive for excellence, leadership, sustainability and competitive advantage – **with integrity** – through continual improvement in our environmental performance and management of forest land. For Norbord, sustainable development means creating economic growth and caring for society and the environment, while taking into account the needs of future generations.

NORBORD AND ITS OPERATIONS WILL INTEGRATE ENVIRONMENTAL PROTECTION INTO OUR BUSINESS PROCESSES AND DECISIONS. OUR BELIEF IN SUSTAINABLE DEVELOPMENT MEANS WE ARE COMMITTED TO:

FULL COMPLIANCE:
Comply fully with all applicable environmental legislation and regulations that affect our activities.

FOREST MANAGEMENT:
Manage forest resources in a manner consistent with the principles of sustainable forestry, this policy and applicable legislation.

MINIMIZATION OF ENVIRONMENTAL IMPACT:
Improve our environmental performance as the expectations of society change. We shall do this by using forest, energy and other resources with increasing efficiency, and by reducing all forms of waste.

RISK MANAGEMENT:
Continually identify, evaluate, and control the environmental risks associated with our operations. We shall have procedures in place to prevent and respond to emergencies.

ENVIRONMENTAL MANAGEMENT SYSTEMS:
Implement systematic environmental management which supports this policy at every operation. We shall assign appropriate human and financial resources. Every year we shall establish measurable objectives and targets for environmental management and performance improvement.



INNOVATION:
Support pollution prevention and environmental research, and implement findings consistent with this policy.

PERFORMANCE EVALUATION:
Evaluate the environmental performance of our operations and personnel, and recognize achievements that support this policy. We shall provide our employees with information and training for them to fully integrate this policy into their responsibilities at work.

COMMUNICATION WITH STAKEHOLDERS:
Engage in constructive dialogue with the communities in which we operate and other key stakeholders, taking their needs into account when we make our decisions.

OPEN GOVERNMENT RELATIONS:
Work constructively with governments and regulators on the establishment of scientifically and economically sound requirements for our operations.

AUDITS:
Conduct environmental audits at all our operations at a frequency appropriate to their risks.

REPORTS:
Report regularly on our environmental performance to the management of the corporation, the board of directors, our shareholders, employees and the communities in which we operate.

NORBORD REQUIRES ITS OPERATIONS TO DEVELOP POLICIES, SYSTEMS, ORGANISATIONS, AND COMPETENCIES, AND TO EMBRACE AN ENVIRONMENTAL COMMITMENT CONSISTENT WITH THESE PRINCIPLES. NORBORD REQUIRES ALL EMPLOYEES TO TAKE RESPONSIBILITY FOR ENVIRONMENTAL PROTECTION IN THEIR JOBS.

Barrie Shingleton

Barrie Shingleton
President & CEO

July 1, 2004

Health and Safety Policy

HEALTH & SAFETY POLICY

We are committed to safeguarding the health and well-being of our employees, contractors and visitors by creating and maintaining a safe working environment.

Beliefs

- All injuries and occupational illnesses are preventable
- Health and safety is a top priority and an integral part of our business and decision-making
- Management is ultimately responsible for workplace health and safety
- Safe operating practices are a shared responsibility among management, employees, contractors and visitors
- Employees and contractors are accountable for their safety and that of fellow workers
- Working safely is a condition of employment
- Sharing best practices improves performance



Barrie Shingleton
President & CEO

July 1, 2004

Practices

- Design safe facilities
- Continually review and improve processes and procedures
- Identify hazards and assess risks
- Develop, implement and enforce safe work practices
- Ensure all facilities comply with applicable laws and regulations
- Provide employees with information and training to work safely
- Require employees and contractors to execute their work in accordance with legislative requirements and Norbord policy
- Establish and monitor health and safety objectives
- Take action to prevent recurrence of incidents
- Implement health and safety management systems to continually improve performance
- Conduct health and safety audits
- Report health and safety performance to senior management, the Board of Directors, shareholders, employees, and the public

Our Program Is Just Like Yours...

- Facilities audited every 3 years
- Program-specific audits as required
- Program managed corporately
- Auditors from within Norbord
- Annual training for new auditors, refresher training
- Pre-audit visits
- Findings, not recommendations

Our Program Is Different From Yours...

- Audit risks, not programs
- Audit fewer, high priority risks
- Involve mills in choosing risk areas
- Use risk-specific expectations/protocols
- Perform integrated EHS management system audits
- Write management system findings with specific government or policy deficiencies as proof
- Help develop action plans

Facility Risk Profiles

- Inventory facility risks
- Prepared by facility with input from corporate EHS resources prior to an audit
- Used to select most significant business risks to audit
- Mill updates risk profiles as risks change
 - ▣ New regulations
 - ▣ New process or process modification

Risk Profile - How Does It Work?

Example: Mill processes

- Wood delivery and storage
- Green end
- Heat energy, fuel storage and drying
- Blending, forming and pressing
- Shipping and receiving

Example: EHS Risks

- ❑ Air emissions
- ❑ Physical hazards - lockout
- ❑ Confined spaces
- ❑ Solid and hazardous waste
- ❑ Working at heights
- ❑ Fire and explosion
- ❑ Mobile equipment

What Is The Inherent Risk?

➤ Risk = Probability x Consequence



What Is The Probability?

- What is the chance it bites?
 - High (Always)
 - Medium (Sometimes)
 - Low (Rarely)
- Example: Aggressive, hungry dog
 - **High** probability
 - Score = **(x 3)**

1 = low

2 = medium

3 = high



What Is The Consequence?

- How bad is the dog's bite?
 - High (You're dead!)
 - Medium (You lose a limb/bite marks)
 - Low (It's a toothless dog)
- Example: Aggressive, hungry pit bull with big teeth
 - **High** consequence
 - Score = **(x 3)**

1 = low

2 = medium

3 = high



What Control Measures Are In Place?

- How do we control the dog ?
 - Prevent
 - Detect
 - React
- Do we have all 3 levels of controls?
 - **Prevent, Detect, React**
 - Only **2** out of 3?
 - **1** out of 3?
 - **None?**



Prevent

- Is there a fence?
- Is the fence repaired regularly?
- Is our dog's leash included in our weekly inspections?
- Is our dog starving or well-fed?



Detect

- Do we have a dog sitter?
- Do we have an alarm system?
- Is the leash in the preventive maintenance system so it gets replaced when frayed?



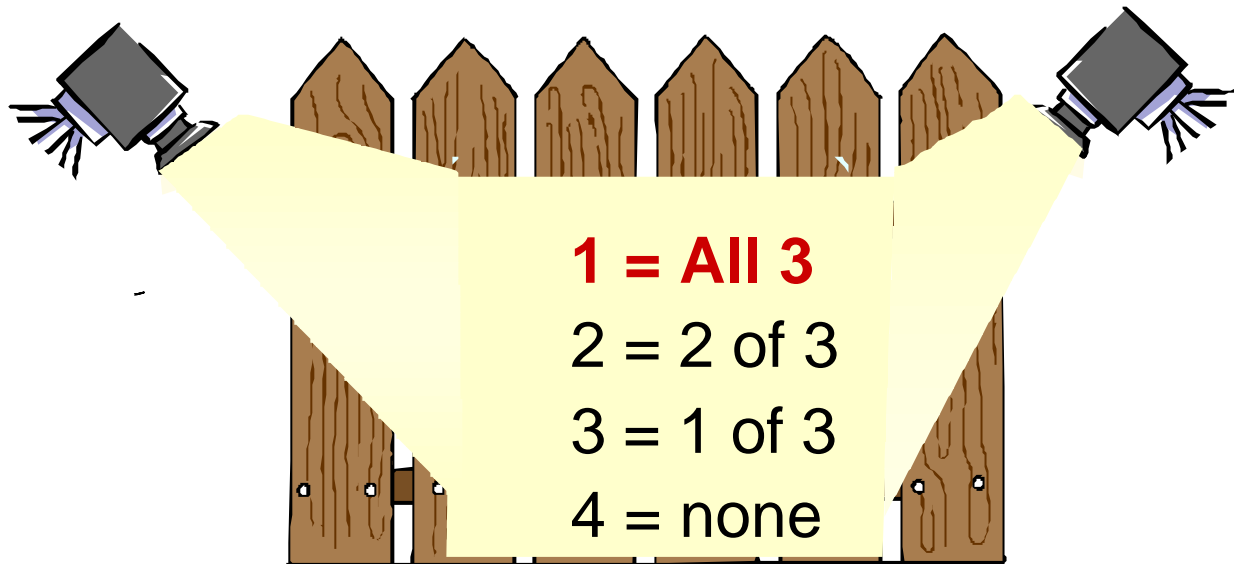
React

- Do we have plan for when he gets loose?
- Who do we call when he jumps the fence?
- Do we have a procedure to minimize the damage he does when he gets out?
- Do we have insurance?



Control Measures

- High fence (Prevent), video surveillance system (Detect), emergency procedure to respond if he gets out (React)
 - Score = (**x 1**)



Regulatory Framework

- How tough are the regulations?
 - General (General Duty Clause)
 - Specific (WHMIS, fire protection)
 - Strict (Title V, Confined Spaces)
- Example: Government is not too worried about loose dogs but there are some rules
 - Score = **(x 2)**



1 = General

2 = Specific

3 = Strict



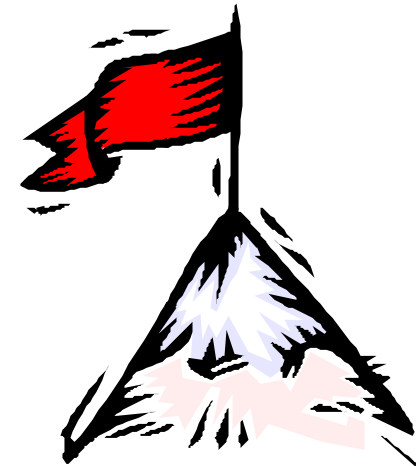
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Non-Conformances

- Anything happen in the past year with respect to this risk?
 - **Yes** – Near miss, accident, incident, fire, spills, emission above permit limit, repeat item on internal inspections
 - **No** – It's off the radar screen
- Example: Despite all our controls, he has managed to escape a few times in the past year
 - Score = **(x 2)**

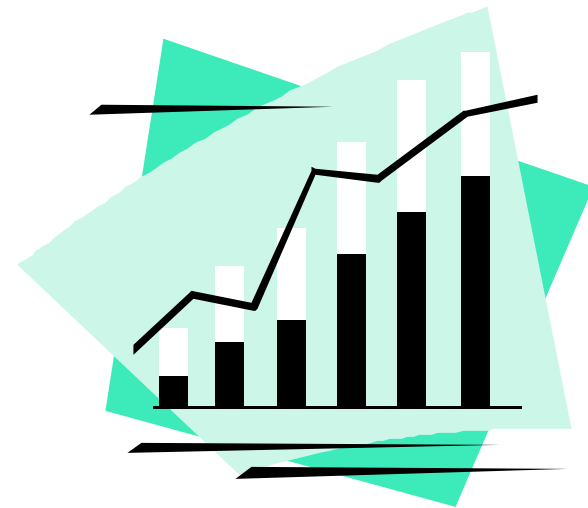
1 = No

2 = Yes



Deciding On The Audit Areas

- Do a check to see if the risk for each unit process makes sense
- Add up totals for each risk across the site
- Calculate average rating for each risk
- Sort them according to risk
- Select priority risk areas



		Fire, Hot Work Explosions	Ergo. Hazards	Work at Height	Machine Hazards		Contract	Lifting Equip.	Conf. Space	Mobile Equip.	Overall EHS MS
Policy	Policy, Program				Guar	LoTo					
Planning	Risk identification										
	Legal/Other requirements										
	Objectives and targets										
Implement	Roles and Responsibilities										
	Operational Control										
	Document Control										
	Training, Competence										
	Communication										
	Emergency Preparedness										
Checking Corrective Action	Monitoring and Measuring										
	Corrective and Preventive Action										
Mgmt Review	Program Review										
	Not implemented										
	Elements missing										
	Under control										
	Not reviewed										

Our New Approach Is Better

- Fewer risks, highest priority risks
- More thorough review
- Getting to the root cause
 - ▣ 3 - 5 Whys?
- More involvement
- Driving improvement
 - ▣ Understand deficiencies
 - ▣ Make sustainable changes

Advice

- Be nice...
 - ▣ You never know when you will be on the other end of an audit finding!