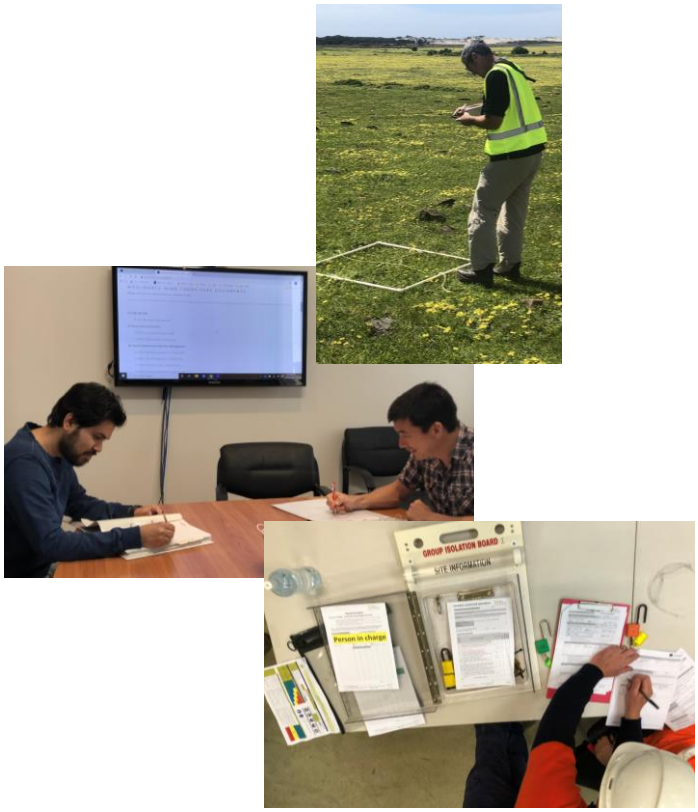
HSE Audit & Inspection Procedure

WNH Q31 - Revision 1.0

Effective from 18th May 2020



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1.0 This Document

1.1 Purpose

The purpose of this procedure is to define the roles, activities, protocols and expected behaviours of Woolnorth Renewable's (Woolnorth) auditors, auditees and management for the purpose of conducting internal, external and certification audits. The purpose of this procedure is limited to audits relevant to HSE.

1.2 Scope

This procedure is limited to HSE aspects of the Woolnorth business, but its scope extended to any worksite managed by Woolnorth, and any personnel engaged or invited by Woolnorth to conduct activities on behalf of Woolnorth.

2.0 Aims & Overview

All audits must be conducted taking into account with Woolnorth values. Audits shall collect objective evidence of conformance, opportunities for improvement and reporting these in an open and transparent manner to the responsible management personnel. The aim of all audits is to identify the degree of compliance (of the area of focus) with their relevant guiding documents and procedures. Where necessary and practical, the procedural detail contained in this document will be applied to other 'audit-like' tasks such as inspections, safety walk and other compliance checklists. It is acknowledged that some aspects of this procedure will not be required or applied to the latter tasks.

3.0 Audit Conduct and Authority

3.1 General

Any Woolnorth employee performing an audit shall:

- Be appropriate qualified and experienced and be competent in the audit process,
- Comply with the requirements of the site's relevant Health, Safety and Environment (HSE) documentation and operational procedures (including PPE and site access restrictions),
- Ensure the Woolnorth values are maintained during the audit process,
- For scheduled audits (those documented in the Woolnorth audit schedule) inform the auditees through a formal audit notification. For ad-hoc or non-scheduled audits, communication of the audit should be provided as soon as it becomes clear the audit will be conducted. Ensure that a representative of the auditee has the opportunity to be present during the audit,
- Focus audits on the topic or aspects outlined or defined by the formal or ah-hoc notification. Report all non-conformances and opportunities for improvement identified to both the HSE system administrator and the auditee, to help improve the management system.

3.2 Auditor access requirements

The auditor must be accompanied at all times in the audit location (unless otherwise authorised by the Site Supervisor) and have completed the current site induction and other mandatory training as per Woolnorth HSE system. The auditor must gain the approval from the person in charge and sign onto the relevant documentation before entering the worksite. The Site Supervisor (or delegate) must ensure the auditor is provided access to all requested documentation and work sites at the location, as long as they fall within the scope of the audit. The auditor may question any work party members, operators, and "people in charge" regarding audit matters.

4.0 Audit Scheduling and Auditor Selection

4.1 Audit Frequency

Audit frequencies are determined by the HSE Manager using a risk-based approach, focussing on critical processes, changed or new operating conditions, previous audit history and non-conformances, and any identified trends (i.e. incident reports). Audits are documented in the annual audit schedule.

As a minimum the frequency shall be:

- Annually for all Woolnorth field locations,
- As defined in the Internal Audit Schedule for the Administrative Offices, and
- Every 3 years for each primary elements (headings) of the HSE system.

4.2 Rescheduling Audits

Where an internal audit cannot be undertaken within the scheduled timeframe or the opportunity arises to undertake the audit earlier than scheduled, the internal auditor shall seek agreement from the auditee to reschedule the audit to ensure that it is mutually convenient.

The internal auditor should reschedule an audit prior to the original scheduled audit date. Unless otherwise approved, rescheduled audits must be completed within 6 weeks of the original date.

4.3 Unscheduled Audits

Where a deficiency becomes apparent during routine operations the HSE or Operational Manager may initiate an unscheduled audit. The schedule will be updated to reflect such audits and communicated as appropriate. These audits can be conducted with minimal notice given to the relevant auditees/staff.

4.4 Auditor selection

The HSE Manager assigns internal audits to personnel they deem suitably competent for the role, based on their:

- independence (auditors will not be assigned to audit their own functional area),
- availability,
- training as an internal auditor, and
- competence level, technical knowledge and expertise.

5.0 Opening Meeting

The Auditor will convene a brief opening meeting of the site or area being audited to (where required):

- introduce the auditor(s),
- establish communication links between auditor(s) and auditee(s),
- review the objectives and scope,
- discuss the plan for the audit and facilitate change as necessary,
- explain the audit method to be used, and
- set a tentative time for the audit close out meeting.

A record of this meeting will be documented on the audit report form. This record will include the opening and closing times of the meeting and all attendees.

6.0 Audit Conduct

In conducting the audit, the Auditor shall:

- seek and examine objective evidence (both positive and negative),
- seek clarification where necessary,
- record essential information,
- obtain, create or use an appropriate checklist for the audit, to determine the level of compliance, observe and compare activities against documented procedures, legislative and other documented requirements,
- challenge auditees by using asset events to prove underpinning knowledge and competence as a theory, practical or scenario-based exercise. Question the auditee at the time of the audit to ascertain the rigour of their understanding relative to the event being discussed. The intent of this is to capture learnings and have meaningful dialogue,
- review documentation and records for currency, appropriateness and compliance,
- observe and review any safety requirements pertaining to the area,
- verify the effectiveness of any corrective actions implemented to address previous or prior audit findings,
- communicate any critical non-conformances immediately and seek corrective action as soon as possible, and
- communicate and discuss any other non-conformances and opportunities for improvement.

7.0 Closing Meeting

The Auditor should convene a Closing Meeting with the representative(s) of the site/area and;

- give a summary of the audit and the results,
- Summarise if any further information is required to support the audit findings,
- Note any areas or aspects of the audit that will be completed off-site or at a later stage,
- communicate all areas that were deemed satisfactory,
- outline all non-conformances and opportunities for improvement (OFI's) raised during the audit to ensure they are accurate and understood by all parties,
- actively encourage discussion on all issues raised at audit,
- receive feedback on audit conduct,
- encourage discussion relating to the actions to close out non-conformances, and
- emphasise that all non-conformances must be responded to within 1 month of the audit or (if the non-conformance cannot be addressed within this timeframe) have a documented plan detailing when the non-conformance will be addressed.

A record of this meeting should be documented on the audit report form. This record will include the opening and closing times of the meeting, all attendees and the total audit time.

8.0 Internal Audit Reports

The auditor is responsible for entering all audit findings and actions into an audit report, the findings of which will be provided to the auditee, in draft, for review. Feedback from the auditee will be considered by the auditor before the report is finalised. The audit report will be provided to the relevant Supervisor(s) and/or Manager(s) and all relevant details entered into the HSE Management System. The audit report must include all;

- non-compliances cross-referenced to an applicable clause of relevant legislation or associated regulation,
- non-conformances classified as major (Maj), minor (Min) and cross-referenced to an applicable clause of a relevant procedure,
- opportunities for improvement (OFI) and observations (obs) recorded, and
- processes and activities that were found compliant recorded as satisfactory (S).
- Proposed actions to address the findings of the audit.

Note that multiple audits may be submitted on one audit report if the activities undertaken are related.

9.0 Internal Audit Responses & Close Out

The auditee (with assistance from the audit team) should nominate the personnel who will implement and close out the audit actions. Details of the root cause/s, corrective actions and preventive actions must be recorded in the final audit report (including the objective evidence to support them). Completion dates should also be set out in the final audit report.

All actions produced from an audit shall be transferred and recorded in the HSE Management System and addressed individually. Actions shall be closed out using written and or photographic evidence to be stored against the action in the HSE Management System. Actions that are not closed out in their defined timeframes will be escalated to the manager of the action holder. The adequacy of the close out of the action shall be at the discretion of the HSE Manager.

10.0 Internal Audit Schedule

The HSE Manager, in conjunction with the General and Operational Managers, will determine the internal auditing schedule. As outlined in section 4.1 the schedule will be established using a risk-based approach, focussing on critical processes, changed or new operating conditions, previous audit history and non-conformances, and any identified trends (I.e. incident reports) In addition, the schedule shall include any planned external audits required for maintaining certifications such as ISO14001, and should also consider the value of engaging external auditors to conduct "internal" audits to encourage objective perspectives on compliance and the setting of actions.

10.1 HSE System audits

The HSE system audits are a requirement of Woolnorth's certification to ISO14001. The audits determine the effectiveness and degree of compliance to the HSE system and procedures to meet this Standard. The results of these audits are used to enable Woolnorth to determine;

- the adequacy of the provisions implemented to provide a workplace that is free of the risk of injury or illness (as far as reasonably practicable),
- any gaps in the HSE system and implement strategies to reduce the risk of illness and injuries in the workplace,
- compliance with its HSE Policies
- if the HSE system meets the requirements of the relevant WHS Legislation, WHS Regulations, Codes of Practice, and other relevant legislation.

10.2 Operational audits

All operational sites must be audited at least annually and these are included in the internal audit schedule. Checklists shall be developed to conduct these audits against and where possible they will target areas of higher risk (frequency of exposure with increasing consequence). Included in the schedule may be a focus on major or more complex activities including whole wind farm outages with multiple works teams.

11.0 Process Monitoring, Reporting and Feedback

The HSE Manager shall provide a regular update (against the planned audit schedule)

to the General Manager and summarise;

- number of audits conducted in relation to the annual audit schedule,
- number of actions produced and an overview of the actions that have been closed out and those overdue,
- trends or patterns of audit findings, and
- comments and recommendations.

Progress against and compliance with the audit schedule and other similar actions such as inspections and safety walks will form apart of the Management Review undertaken on a scheduled basis (3 yearly). Relevant objectives and KPIs may also be included in the annual HSE Plan.

12.0 Audit Training and Competency Requirements

12.1 Auditor competency

Auditors shall be selected based on their attributes, which include:

- communication, review and observation skills,
- knowledge and understanding of the management system,
- knowledge of operational areas, impartiality and polite assertiveness,
- completion of a registered Internal Auditor's course or a demonstrated competency in conducting audits,
- the performance of a minimum of 2 internal audits annually.

13.0 Retention of Records

All audit reports with objective evidence must be filed electronically and traceable to the final audit outcomes using the Woolnorth document management system and the HSE Management System.

14.0 Accountabilities

Officers of Woolnorth shall ensure that, As Far As Reasonably Practicable (AFARP), hazards are identified and where they cannot be eliminated, will be controlled. This shall include documenting hazards, processes to identify hazards relevant to Woolnorth business and tasks it undertakes and lastly communicating hazards to the workers of Woolnorth.

All workers of Woolnorth shall ensure that:

- they understand the requirements of this procedure,
- ensure their activities are in compliance with this procedure,
- can access this procedure, and
- support the implementation of this Procedure by providing feedback to peers and supervisors where improvements to task compliance or risk management can be made.

The HSE Manager for Woolnorth is to ensure AFARP that this meets National and State legislative requirements and Standards and that this document is maintained as a part of the businesses HSE management system.

15.0 Definitions

AFARP: As far as reasonably practicable.

Auditor: Person who conducts an audit.

Auditee: Organisation or parts thereof being audited.

Conformance: Indicated that evidence is available to demonstrate that the relevant audit criteria have been met.

HSE: Health, Safety and Environment

Non-compliance: The failure to adhere to an Act or its Regulations.

Non-conformance: The failure to comply with a requirement, standard or procedure.

Major non-conformance: A significant omission or breakdown in the management system or one which has a direct effect on the quality of the product or immediate environmental or WHS risk.

Minor non-conformance: A failure to comply and needs to be addressed but is not critical to the operation of the system, quality of the product (or output) or an immediate threat to the environment or health and safety. A series of non-conformances within the same process may be upgraded to a major non-conformance.

Observation: A smaller issue that has been observed by the auditor but not judged to be a non-conformance.

Opportunities for improvement: Suggestions for auditees to resolve identified observations.

WHS: Work, Health and Safety.

Woolnorth: Woolnorth Wind Farms.

16.0 References

WNH Q31.1 Safety Walk & Inspection Form