

INTERIM GUIDANCE NOTE - AUDITING CODE CONFORMANCE

August 1998

INTRODUCTION

The Australian Minerals Industry Code for Environmental Management requires two forms of auditing.

Code Conformance: implementation of the Code must be evaluated at least every three years by qualified, externally-accredited auditors from within the signatory company, or by accredited external auditors appointed by the company. This Guidance Note has been prepared for this purpose.

In addition to auditing Code conformance, a less formal, regular audit of the Environmental Management System and environmental performance must also be conducted by internal or external personnel. An example of an EMS audit protocol is the subject of the Guidance Note for Auditing the Environmental Management System.

SUSTAINABLE DEVELOPMENT

Principle Statement:

Managing activities in a manner consistent with the principles of sustainable development such that economic, environmental and social considerations are integrated into decision making and management.

Audit Focus:

Verify the company environmental policy is consistent with the principles of sustainable resource development and that performance targets address sustainable development issues and pollution prevention opportunities.

ENVIRONMENTALLY RESPONSIBLE CULTURE

Principle Statement:

Developing an environmentally responsible culture by demonstrating management commitment, implementing management systems, and providing the time and resources to educate and train employees and contractors.

Audit Focus:

Determine whether company environmental policy has been effectively communicated to all employees and is being implemented. Verify that management is developing procedures, identifying training needs and implementing adequate training programs, including new and

contract staff. Environmental performance responsibility should be defined in job descriptions. Assess employee understanding that environmental compliance and performance improvement is part of their responsibility.

COMMUNITY PARTNERSHIP

Principle Statement:

Consulting the community on its concerns, aspirations and values regarding the development and operational aspects of mineral projects, recognising that there are links between environmental, economic, social and cultural issues.

Audit Focus:

Assess effectiveness of processes to identify the information and communication needs of key external stakeholders and established community consultation and involvement is appropriate for each stage of operation. Assess whether the company is fostering an open, honest and ongoing dialogue with communities and promoting a professional, positive and open relationship with relevant regulatory agencies.

RISK MANAGEMENT

Principle Statement:

Applying risk management techniques on a site specific basis to achieve desirable environmental outcomes.

Audit Focus:

Assess systems used to identify, characterise and evaluate the significance of environmental issues and risks and check that the systems use accurate quantitative data, credible processes, and address a variety of activities and conditions. Determine whether emergency preparedness and response procedures address likely risks.

INTEGRATED ENVIRONMENTAL MANAGEMENT

Principle Statement:

Recognising environmental management as a corporate priority and integrating environmental management into all operations from exploration, through design and construction to mining, minerals processing, rehabilitation and decommissioning.

Audit Focus:

Verify that management and employee roles are clearly defined and that senior managers are assigned responsibility to oversee compliance, establish implementation plans and assure periodic review of the Environmental Management System (EMS). Senior managers should routinely receive information on performance and program status. Determine whether environmental staff are conducting routine site inspections and tracking legal/regulatory requirements - changes in regulations should be communicated and incorporated. Verify that the EMS is subject to routine audits.

PERFORMANCE TARGETS

Principle Statement:

Setting environmental performance targets not necessarily limited to legislation, licence and permit requirements.

Audit Focus:

Determine whether there is a set of objectives or targets that have been communicated effectively. Evaluate whether the targets are consistent with the environmental policy and that the results expected are being achieved.

CONTINUAL IMPROVEMENT

Principle Statement:

Implementing management strategies to meet current and anticipated performance standards and regularly reviewing objectives in the light of changing needs and expectations.

Audit Focus:

Assess openness to technology transfer and contribution to, or awareness of, scientific research. Evaluate whether the performance targets are consistent with the objective of continual improvement.

REHABILITATION & DECOMMISSIONING

Principle Statement:

Ensuring decommissioned sites are rehabilitated and left in a safe and stable condition, after taking into account beneficial uses of the site and surrounding land.

Audit Focus:

Assess effectiveness of programs that analyse and incorporate options during conceptual design and also estimate and periodically review costs. Verify that strategies are updated to incorporate changing requirements, public expectations, or data. Evaluate whether performance is reviewed against the objectives. Verify that progressive rehabilitation costs have been provided for and that long-term responsibility for land management has been addressed.

REPORTING

Principle Statement:

Demonstrating commitment to the Code's principles by reporting the company's implementation of the Code and environmental performance to governments, the community and within the company.

Audit Focus:

Audit systems for routine reporting to management and other stakeholders. An annual public report should be prepared and distributed that includes information on policy, objectives and targets. The report should contain information on environmental management systems and

performance in relation to regulatory requirements and internal objectives and targets. It should also describe significant environmental incidents or prosecutions and detail strategies for addressing key environmental issues/risks.
