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Environment, Health, Safety and Regulatory (EHSR) Inspection and Audit Practice

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Environment, Health, Safety and Regulatory (EHSR) Inspection and Audit Practice

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1.0 COMS Management System references

COMS Assurance Standard: Business Unit and Shared Service Assurance and Work Level Assurance.

COMS 1.1 Governance, 1.1.5 and 1.1.7: Operations will effectively implement company policies/processes/programs designed for: Complying with all applicable legislation and COMS requirements and expectations, and Auditing the implementation and effectiveness of COMS.

COMS 2.1 Risk Assessment, 2.1.1: Operations will effectively implement company policies/processes/programs designed for: Health and safety hazard assessments and completing audits, inspections, verifications and spot checks as per legislation or defined by Cenovus programs.

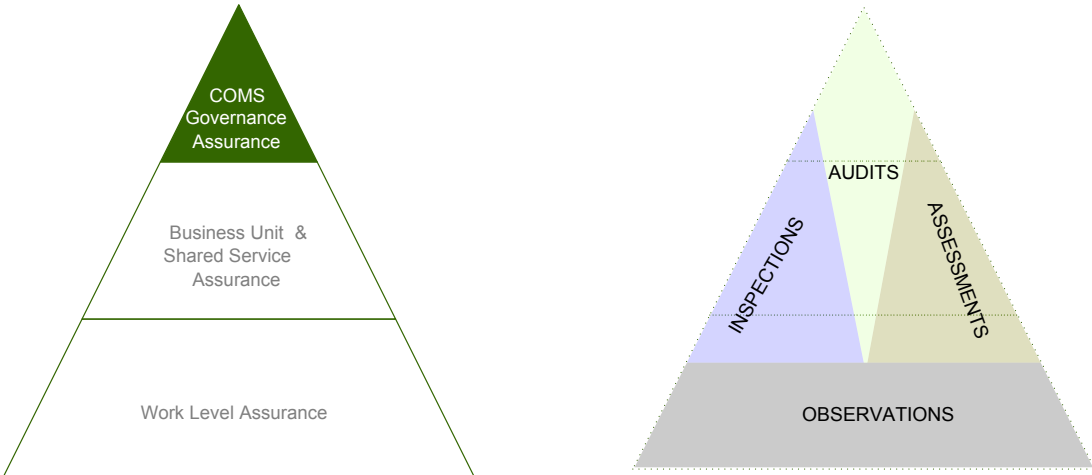
COMS 6.1 Regulatory Compliance, 6.1.4: Operations will effectively implement company policies/processes/programs designed for: Monitoring, analyzing and reporting on regulatory compliance (incorporating output from audits, inspections, verifications as well as other sources).

2.0 Scope

Cenovus supports a three tiered assurance program that supports the overall objectives of Cenovus’s COMS Management System. The COMS Governance Assurance level covers assurance activities carried out by the COMS Assurance Group on Business Units and Shared Services, and is not within the scope of this Practice. The Business Unit and Shared Service Assurance level covers assurance activities carried out by the Business Unit and Shared Services, and the Work Level Assurance covers activities carried out by Business Units and Shared Services wherever the work is performed (e.g. Asset Areas, Field Offices, Plant Locations, Well Site Locations, and/or Department levels in Calgary). These two levels are within the scope of this standard.

Inspections and Audits covered in this practice may be applied to all Cenovus operations and activities including but not limited to the following:

- Operated facilities (i.e. plants, batteries, compressor stations, wells, satellites, pipelines, waste facilities and any other miscellaneous assets and structures)
- Activities (i.e. geophysical, approvals, design, construction, drilling, completions, testing, decommissioning, abandonment, remediation, reclamation)



The following types of inspections and audits will be addressed in this practice:

- Contractor Safety Verification Inspections: A series of inspections, varying in level of detail and focus, targeted on contractors engaged in work on Cenovus sites.
- Contractor EHS Audits: An objective, formal and documented verification of safety management of a Cenovus contractor.
- EHSR Facility Inspection: A prescribed, documented, visual examination of facilities and operations activities to assess conformance with environment, health, safety and regulatory requirements, Cenovus requirements, or other defined requirements.
- EHSR Compliance Audit: A formal, rigorous independent and documented verification and objective evaluation of documents, records, practices and facilities to determine compliance with environment, health, safety and regulatory requirements, Cenovus requirements, or other criteria as established to meet Cenovus operational objectives.

Note: Both inspections and audits may take an integrated approach with several disciplines such as environment, safety, regulatory, health, industrial hygiene, facilities integrity, security or insurance as appropriate.

3.0 Purpose

Regular EHSR inspections and audits provide assurance to management that compliance with Cenovus Practices and applicable legislation is achieved and measured. The intent of the EHSR Inspection and Audit Practice is to reduce compliance risk from our activities and to provide a mechanism for continuous improvement. The inspection and audit process is also a part of the overall training mechanism within the Cenovus COMS Management System.

4.0 Definitions and acronyms

Definitions and acronyms are described in the links below:

[Cenovus CEN-EHS770, Definitions and Acronyms \(Health & Safety\)](#)

[Cenovus CEN-EHS787, Definitions and Acronyms \(Regulatory\)](#)

5.0 Contractor Safety verification inspections

Contractor Safety Verification Inspections provide Cenovus with an opportunity to review key elements of a contractor's worksite safety management and can take place as part of prequalification of a contractor to work for us or they can be applied once the contractor mobilizes to the work site and begins executing the specific work scope that they were hired to complete. The purpose of these inspections is to ensure the contractor is complying with regulatory and Cenovus requirements and ultimately improve site health and safety performance. These inspections include Contractor Field Verification Spot Checks, Snapshots, Health and Safety Assessments, Vehicle/Equipment Inspections, Behaviour Observations and other inspection tools developed by Cenovus.

Please refer to the Contractor Safety Management Practice for further guidance.

6.0 Contractor EH&S audits

Contractor EH&S Audits are conducted each year with targets identified and selected on the basis of risk to Cenovus. This verification is performed by a qualified third party auditor and consists of a series of interviews and formal documentation review.

For more information on the Contractor H&S Audit process, protocol and frequency.

7.0 EHSR facility inspections

Inspections are an internal visual review and cursory records check of facilities, operations, and activities using a standardized checklist. Facility inspections are primarily designed to be conducted "inside fence" at major production facilities, but may include wells and smaller facilities within a gathering system

Qualifications for Inspectors:

- Demonstrated applied knowledge of the law or regulation and equipment under inspection
- Documented experience and training in conducting inspections

Inspectors may include, but are not limited to:

- Site Safety Committee Members;
- H&S Advisors;
- Production Coordinators; and
- Lead Operators.

The Facility Inspection Checklist *CEN562* will be the checklist used for facility inspections.

All inspection reports, corrective actions, and completed actions must be captured in Cenovus's Incident Management System (IMS). Inspection data will be tracked and summarized on a quarterly basis with analysis available for Asset teams to review and keep on top of outstanding actions.

Records of inspections will be maintained for a minimum of five (5) years.

Inspections are primarily utilized as a Work Level Assurance tool, but may be employed at the Business Unit and Shared Service Assurance level where appropriate.

8.0 Inspection schedules and frequency

8.1 Facility EHSR inspections

As a minimum, all major production facilities must be inspected annually. A list of major production facilities and a schedule for inspections is maintained by the Operations Health and Safety team. Contact the Senior H&S Advisor for the list of facilities and inspection schedule.

8.2 Contractor Safety verification inspections

The following table summarizes when various Cenovus's contractor field verification tools can be applied from pre-award through to post mobilization, depending on the risk profile of a contractor.

Timing of Activity	Inspection Tool and Schedule based on Risk Profile	
	Low Risk Profile	Medium or Higher Risk Profile
Pre-Award		For new contractor to CVE, may conduct Cenovus H&S Assessment
Pre-Mobilization to Site		For new contractor to CVE, may conduct Cenovus H&S Assessment
Post-Mobilization to Site	Spotcheck as required	For new contractor to CVE, may conduct <ul style="list-style-type: none"> • Cenovus H&S Assessment • Contractor Snapshot • Contractor EHS Audit

8.3 EHSR compliance audits

EHSR Compliance audits are conducted on operating facilities/areas selected from a list of all Cenovus major operating facilities. Audits are also selected based on specific topics of regulatory or company practice interest, and on coverage of Cenovus activities at any stage of a project life cycle, from project inception through approvals, design, earthworks, drilling and completions, construction, operations, decommissioning, abandonment, remediation and reclamation.

EHSR Compliance Audits are conducted according to an audit protocol which incorporates the laws, regulations, directives, standards, practices and procedures relevant to the asset or process being audited. These audits will be performed only by an experienced auditor (or audit team) external to the audited activity.

Qualifications for compliance auditors are:

- Demonstrated applied knowledge of the laws, regulations and practices under the scope of the audit;
- Experience in conducting compliance audits;
- Evidence of training as a compliance auditor.

8.4 EHSR compliance audits teams

Audits will be conducted by:

- Cenovus personnel external to the activity being audited having the qualifications stated above;
- Third parties that have the qualifications stated above.

Any particular EHSR Audit may include any or all of the components of the EHSR Audit Protocol. Approvals and exemptions will be reviewed specific to the facility or activity. Applicable regulations will be reviewed and conformance measured. This will include the evidence of documentation where required.

EHSR Audits will be documented within a formal report. All findings will be documented and reviewed with the auditee facility or group, and will outline compliance with regulations and conformance with Cenovus's EHSR-related practices and procedures.

Priority will be given to medium to high-risk non-compliance, but any compliance areas reviewed will be noted within the audit report. Recommendations to correct the findings will also be provided for consideration of the auditee.

Audit findings, recommendations and action items will be tracked and monitored for progress towards completion of actions.

Audit reports and compliance deficiencies will be provided to Business Unit Leaders including VP's, Directors, Managers, Asset Team Leads, Area Production Group Leads, Superintendents, and Production Coordinators.

EHSR Audits are primarily utilized as a Business Unit and Shared Service Assurance tool, but may be employed at the Work Level Assurance where appropriate.

8.5 EHSR compliance audit schedules and frequency

Operating facilities/ geographical areas and activities will be selected annually for EHSR Audits based on the following risk criteria:

- Frequency of contraventions with our primary regulators;
- Complexity and size of facilities (e.g. licensed sour gas facilities vs. sweet gas compressor facility);
- Environment approvals/ multi-agency approvals/ permits;
- Sensitivity of nearby residents, or non-government organizations, and environmental sensitivity;
- Age of the facility and any associated gathering system;
- General understanding of regulatory compliance status of the facilities;
- Coverage of Inspections or audits in Business Units. Frequency of moderate and high risk findings;
- Inherent EH&S risks of the activity or activities;
- Newly acquired facilities – within 60 days (Alberta).

The proposed list of assets and activities to be audited will be documented along with the supporting risk criteria. This proposed audit list and schedule will be circulated for internal review. The finalized audit schedule will be posted on the Regulatory Compliance web page.

EHSR Audits will be completed using established EHSR Protocols within Cenovus's audit development and tracking systems and the accountability for maintaining the EHSR Audit Protocol rests with the Regulatory Compliance Audit Group. Protocols are revised as regulatory changes are introduced, or as it is deemed that areas of focus should be added to or deleted from the protocols.

9.0 Roles and responsibilities

Overall responsibility for implementation and maintenance of the inspection and audit programs, protocols is shown in the table below.

Programs	Contractor Safety Verification Inspections	Contractor EHS Audits	EHSR Facility Inspections	EHSR Compliance Audits
Cenovus Department Responsible	Operations Health and Safety	COMS Assurance	Operations Health and Safety	Regulatory and Community Relations

9.1 Contractor Safety verification inspection responsibilities

Business Units and Operations Shared Services will:

- Sponsor candidate contractor inspections and review/close out as required;
- Support the Inspection requirements and participate in contractor inspections;
- Participate in the communication and closure of findings identified during an inspection of a contractor.

Operations Health and Safety will:

- Select candidate contractors and recommend the appropriate inspection types;
- Schedule and participate in inspections;
- Compile inspection results and reports and present them to the business sponsor
- Identify training requirements and provide appropriate training to personnel who will be undertaking Inspections.

Central Health and Safety will:

- Support selection of candidate contractors based on risk;
- Conduct trending of contractor inspection results and contractor inspection activity/coverage across Cenovus;
- Maintain inspection checklist forms and IMS functionality to support capturing contractor inspection information in IMS;
- Develop guidance/training on completing contractor inspections;
- Publish a subset of Contractor Field verification inspections results to each contractors account in ISNetworld on a monthly basis.

9.2 EHSR facility inspection responsibilities

Business Units and Shared Services will:

- Approve facilities/ operating activities for inspections as scheduled;
- Support the Inspection requirements and participate in inspections;
- Address all findings identified during an inspection, and document corrective actions and their completion (based on risk) in a timely manner.
- Ensure an adequate number of trained inspectors are maintained within the BU.

Operations Health and Safety will:

- Select candidate contractors, sites and activities for inspections;

- Schedule and participate in inspections;
- Compile inspection results and reports and present them to the inspected facility, operational group and BU they support;
- Identify training requirements and provide appropriate training to personnel who will be undertaking Inspections.

Central Health and Safety will:

- Support selection of candidate sites and activities for inspections as required;
- Conduct trending of inspection results and inspection activity/coverage across Cenovus;
- Maintain inspection checklists.

9.3 EHSR audit responsibilities

Business Units and Shared Services will:

- Approve facilities/ operating areas and activities for audit as scheduled;
- Support the audit and information requirements;
- Address all audit findings identified and document corrective actions and their completion (based on risk) in a timely manner.

Regulatory Compliance will:

- Select sites and activities for audits based on risk criteria;
- Select audit teams and conduct Compliance Audits;
- Compile audit results and reports and present them to the audited facility and Business Unit;
- Record, document and file compliance audits and corrective actions;
- Follow up to ensure action plans are developed to address audit findings;
- Summarize findings to Business Units at least annually;
- Conduct tracking and trending of audit findings and actions across Cenovus
- Identify training requirements and provide appropriate training to personnel who will be undertaking Audits;
- Maintain audit protocols.

9.4 Contractor EHS audit responsibilities

Refer to the Contractor H&S Audit process and associated responsibilities for more information.

10.0 Performance measurement

EHSR Inspections and Audits will be measured against the performance criteria as specified in the COMS Assurance Standard, and other performance criteria as may be developed specific to these activities. Performance will be monitored and reported within the responsible departments at least annually.

11.0 References

11.1 External governance references

Document Type	Governance Documents
CSA Z733-03	<i>Environmental Compliance Auditing</i> , Canadian Standards Association, September 2003
CAN/ CSA-ISO 119011:03 (ISO 19011:2002)	<i>Guidelines for quality and/ or environmental management systems auditing</i> . Canadian Standards Association, January 2003

11.2 Internal references

Document Ref. #	Internal Reference Documents
Policy	Corporate Responsibility Policy
Framework	Cenovus Operations Management System (COMS)
CEN-EHS243	H&S Definitions and Acronyms Standard
CEN-EHSReg787	Regulatory Definitions and Acronyms
Webpage	EHS Audit Responsibilities
Webpage	Contractor H&S Audit process
CEN-EHS8480	Contractor Safety Management Practice
Webpage	Contractor Safety Management
CEN-EHS1909	Behavioural Observation Practice
CEN562	Facility Inspection Checklist

12.0 Change Management

Proposed changes to this practice can be directed to H&S Programs and Projects.