



Lusail Real Estate Development Company

Health, Safety, Security, Environment, Logistics & Quality Department

STANDARD OPERATION PROCEDURE – INTERNAL AUDIT PROCEDURE

Document No LUS-HSE-SP2-453-002.04 Rev 4

Uncontrolled Copy Controlled Copy Date May 25 2105

COMPANY PROPRIETARY INFORMATION

Prior to use, ensure this document is the most recent revision by checking the Master Document List. To request a change, submit a Document Change Request to the Document Control Representative. Master copy of this document will be maintained by the LREDC QA/QC Manager. Not controlled if printed.

Table of Contents

| | | |
|-------|-----------------------------|----|
| 1.0. | Introduction & Purpose..... | 4 |
| 2.0. | References..... | 4 |
| 3.0. | Terms & Definition..... | 4 |
| 4.0. | Application & Scope..... | 5 |
| 5.0. | Requirements..... | 5 |
| 6.0. | Process..... | 5 |
| 6.1. | Audit Planning..... | 6 |
| 6.2. | Audit Preparation..... | 6 |
| 6.3. | On-Site Audit..... | 6 |
| 6.4. | Wrap-up Meeting..... | 7 |
| 6.5. | Follow-up..... | 7 |
| 6.6. | Reporting..... | 7 |
| 6.7. | Review..... | 7 |
| 6.8. | Records..... | 7 |
| 6.9. | Audit Process Matrix..... | 8 |
| 6.10. | HSE Audit Process Map..... | 10 |

1.0 INTRODUCTION & PURPOSE

The purpose of this procedure is to define Lusail’s process for undertaking HSE Audits in order to assess the effectiveness of the application of OHSAS 18001:2007, ISO 14001:2004 and also to define the responsibilities for planning and conducting audits, reporting results and retaining associated records.

The main benefits derived by HSE Audits are:

- a. To provide a tool for measuring the degree of compliance to Lusail’s HSE Policy, HSE Management System, Procedures, Practices, adopted Standards and identify areas for improvement.
- b. To encourage planning for development of comprehensive HSE Programs.
- c. To provide basis to periodically measure the HSE performance of the company relative to the established HSE targets.
- d. To reveal deficiencies and ensure that corrective measures will be pertinent and timely to HSE problems.
- e. To provide basis for recognition of HSE performance or achievement.
- f. To provide feedback on the attitudes of employees toward their HSE responsibilities.
- g. To generate HSE awareness within the workforce.

2.0 REFERENCES

| REFERENCE | TITLE & DESCRIPTION |
|---------------------|--|
| LUS-HSE-MA1-400-001 | HSE & Fire Management System Framework |
| LUS-HSE-FM4-455-002 | HSE Audit Schedule |
| LUS-HSE-FM4-455-001 | HSE Audit Plan |
| LUS-HSE-FM4-455-005 | HSE Audit & Gap Analysis Checklist |
| LUS-HSE-FM4-455-003 | HSE Audit Feedback |

3.0 TERMS & DEFINITION

| TERM | ISO CLAUSE | DEFINITION |
|----------------|------------|----------------------------------|
| Non-conformity | 3.6.2 | Non-fulfillment of a requirement |

| TERM | ISO CLAUSE | DEFINITION |
|-------------------|------------|---|
| Non-conformity | 3.6.2 | Non-fulfillment of a requirement |
| Preventive Action | 3.6.4 | Action taken to eliminate a potential non-conformity |
| Corrective Action | 3.6.5 | Action taken to eliminate the cause of a non-conformity |

| | | |
|-------|-------|--|
| Audit | 3.9.1 | A systematic, independent documented process for obtaining and evaluating audit evidence objectively to determine the extent to which audit criteria are fulfilled |
|-------|-------|--|

4.0 APPLICATION & SCOPE

The scope of this procedure is focused on assessing the effectiveness of Lusail's HSE Management System. Where such processes are found to be deficient, the audit will lead to improvement in those processes. This procedure is mandatory and applies to all operations & activities carried out on Lusail City Development, including the Evaluation of legal requirements and other requirements compliance.

By applying the principles of auditing, outlined by ISO 19011:2002, Lusail ensures that all HSE audits are conducted with due professional care, integrity and independence. All conclusions derived from the audit are based upon objective and traceable evidence.

The objectives of this procedure are to:

- a. Ensure conformance with HSE policy, systems and procedures.
- b. Assess the effectiveness of HSE activities.
- c. Evaluate the effectiveness of the HSEMS implementation.
- d. Promote understanding among the employees.
- e. Establish a standard approach and methodology for HSE audits.
- f. Communicate information to management.

5.0 REQUIREMENTS

An audit of the HSE Management System is conducted at planned intervals. All HSE Audits comments, recommendations, and corrective actions should focus on these four questions:

1. Do HSE programs cover all regulatory / legal and best industry practice requirements?
2. Are HSE programs requirements being met?
3. Is there documented proof of compliance?
4. Is employee training effective?

6.0 PROCESS

HSE Auditing is undertaken at least twice annually. Audits may be completed with a greater frequency if determined by the Management Appointee based on an overview of the department and its strategy in consultation with QA/QC or as determined by:

- ISO 2011, ISO 14001 and OHSAS 18001 requirements
- HSE management system requirements
- HSE objectives/policy
- Corrective actions Statutory/legal requirements
- Management decisions

Concerns raised by 3rd parties
Results of 3rd party audits
Employee concerns
Management Review concerns

6.1 . AUDIT PLANNING

The Management Appointee is required to:

- Establish and communicate internal audit schedule
- Establish and implement internal audit plan
- Appoint audit team leader where required Select audit team, see 6.1.1 below
- Assign audit duties to the auditor team
- Ensure staff completing audit are suitably trained and qualified.

6.1.1 Audit Team Evaluation & Selection

- To ensure impartiality and objectivity, the audit team will include personnel from departments not directly associated with the area/department being audited.
- Audit team members are selected on the basis of:
 - Education: secondary or higher
 - Work Experience: more than 5 years
 - Relevant Training: provided in-house or externally
 - Audit Experience: demonstrable knowledge/skills

6.2. AUDIT PREPARATION

The Audit Team is required to:

- Review relevant management system documents and records
- Determine their adequacy with respect to the audit criteria and with OHSAS 18001:2007 and ISO 14001:2004
- Review and prepare the internal audit checklist
- Arrange audit appointment
- Issue the audit checklist to the responsible manager

6.3. ON-SITE AUDIT

The Audit Team is required to:

- Conduct opening meeting
- Sample and observe process inputs/outputs
- Record objective evidence to verify process compliance or non-conformance
- Generate audit findings

6.4. WRAP-UP MEETING

The Audit Team Leader and responsible manager are required to:

- Review audit conclusions and discuss recommendations for improvement

- Decide whether any non-conformances observed should be included in correction reports or solved immediately
- Minor areas of non-conformance are taken care of immediately
- Prepare an audit report
- Review audit report with the responsible manager
- Corrective actions are reviewed by the responsible manager and close out action is agreed upon
- The audit leader and responsible manager sign off audit report

6.5. FOLLOW-UP

The Auditee/Responsible is required to:

- Ensure corrective actions are implemented and are closed-out within the agreed timeframe
- Ensure non-conformances are closed-out within the agreed timeframe
- Ensure the status of corrective actions and any non-conformances are kept up-to-date
- All reports need to include a classification of one of the following:
 - O+ Satisfactory
 - OI Opportunity for Improvement
 - NC Non Compliant

6.6. REPORTING

The Management Appointee is required to:

- Review audit conclusions
- Identify trends
- Make recommendations for improvement
- Finalize the HSE audit report
- Issue HSE audit report to Senior Management

6.7. REVIEW

Senior Management is required to:

- Consider and act upon audit findings during the management review process
- Use the internal audit report to promote best practice
- Ensure records are maintained

6.8. RECORDS

All documentation and records generated by the internal audit process are managed in accordance with OHSAS 18001:2007 Clauses 4.4.4, 4.4.5 and 4.5.4 and ISO 14001:2004.

6.9. AUDIT PROCESS MATRIX

| | Action | Responsibility | Output |
|--|--------|----------------|--------|
| | | | |

| | | | |
|-----------------|---|----------------------|---|
| 6.1 Planning | <p>Establish and communicate HSE audit schedule</p> <p>Establish and implement HSE audit plan</p> <p>Appoint the audit team leader where required</p> <p>Select the audit team</p> | Management Appointee | <p>LUS-HSE-FM4-455-002</p> <p>LUS-HSE-FM4-455-001</p> |
| 6.2 Preparation | <p>Review relevant HSE documents and records</p> <p>Determine their adequacy with respect to the audit criteria</p> <p>Review relevant requirements of OHSAS 18001:2007 and ISO 14001:2004</p> <p>Review and prepare the HSE audit checklist</p> <p>Arrange audit appointment</p> | Audit Team | |
| 6.3 Audit | <p>Sample and observe necessary process inputs/outputs</p> <p>Record objective evidence to verify process compliance</p> <p>Generate and record audit findings</p> | Audit Team | |

| | Action | Responsibility | Output |
|---------------------|--|---|--------|
| 6.4 Wrap-up meeting | <p>Decide whether any non-conformance observed should be included in correction reports or whether they can be solved immediately</p> <p>Minor areas of non-conformance are taken care of immediately, while a conclusion for the audit as a whole is written down</p> <p>An audit report is prepared which is examined together with the manager responsible for the area in question</p> <p>Corrective actions are reviewed by the manager responsible and close out action is agreed upon</p> <p>The audit leader and responsible manager sign off audit report</p> | Audit Team Leader and Responsible Manager | |
| 6.5 Follow-up | <p>Ensure corrective actions are closed-out within the agreed timeframe</p> <p>Ensure non-conformances are closed-out within the agreed timeframe</p> <p>Ensure status of corrective actions and non-conformances communicated to the Sr. HSE & Fire Manager</p> | Responsible Manager | |

| | | | |
|---------------|---|------------------------|--|
| 6.6 Reporting | Review audit conclusions Identify trends Make recommendations for improvement Finalize HSE audit report Issue HSE audit report to Senior Management | Sr. HSE & Fire Manager | |
| 6.7 Review | Consider and act upon audit findings during Management Review Use the HSE audit report to promote best practice | Senior Management | |

6.10 HSE Audit Process Map

