

COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a
COUNCIL REGULATION (EEC)
allowing voluntary participation by companies in the industrial
sector in a Community ECO-audit scheme

(presented by the Commission)

EXPLANATORY MEMORANDUM

I INTRODUCTION

A. The Community policy context

1. Article 130r of the Treaty establishing the European Economic Community specifies the Community's objectives as regards the environment and the principles on which its action in this field must be based.

These objectives are to preserve, protect and improve the quality of the environment, to contribute towards protecting human health and to ensure a prudent and rational utilization of natural resources.

To achieve these objectives, the Community must base its action, in particular, on the principles of taking preventive action, of giving priority to rectifying environmental damage at source and of ensuring that the polluter pays.

2. These objectives and principles have been detailed in the various Community Action Programmes on the Environment since 1973. In particular, the Fourth (1987-92) Programme established by the Council Resolution of 19 October 1987¹ stresses the need to develop more integrated policies promoting multi-media approaches to the environment and the cutting of pollution at source. It also states that the Community's action must focus on certain priority areas, such as the provision of information to, and participation by, the public, and proposes special measures to monitor and support small firms.

B. Basic objectives of this proposal

1. Under the pressure of the growing number of regulations, particularly in the form of the Community's environmental legislation, companies engaged in manufacturing activities, and particularly industrial activities, are assuming responsibilities for performing more and more complex tasks which play a decisive part in the environmental protection field.
2. These various responsibilities and obligations include identification and assessment of risks and harm to the environment, coupled with control, limitation or possible reduction thereof. Furthermore, increasingly they force companies to enhance their public image and strengthen their legal security by implementing a policy of information of the public geared towards projecting greater transparency about their performance and their intentions regarding the protection of the environment, consumers and the population, particularly at local level.

1 OJ No C 70, 18.3.1987, p. 1.

3. In the face of the difficulties created by these obligations - which pose a genuine challenge in some cases - companies must exercise increasing discipline in choosing and managing their potentially harmful operations. Large enterprises are endeavouring to introduce a better organized and ever more effective system to supervise their environmental practices.

Some federations and professional organizations have mobilized in the past few years to increase their members' awareness of these aspects. Programmes, codes of conduct and guiding principles have been prepared to encourage and help companies systematically to integrate environmental aspects into their policy. Awareness-campaigns on the use of environmental audits are amongst the measures taken. The aim of such audits is to ensure more thorough verification of compliance with the existing regulations, to evaluate the effectiveness of internal organization and management measures and to identify potential improvements in environmental performance, while optimizing the capital expenditure and operating costs necessary to protect the environment. The "Responsible Care Programme" by the European chemical industry is one example in this context.

In some Member States, this effort has been accompanied by specific action by the public authorities with the aim of encouraging the development of similar or comparable practices.

4. However, this new awareness is far greater in some Member States than in others, and the use of environmental auditing is developing sporadically, limited to large companies and unknown to the public in areas of activity where it could bring substantial benefits to companies and the community as a whole.

The fundamental objectives of the approach proposed are to promote the spread of the best environmental management practices and to encourage companies fully and systematically to apply standards, criteria and objectives providing a high level of protection.

C. Introductory brief on the proposed approach

1. In response to this situation, the Commission considers it particularly advisable to promote the introduction of a systematic, rigorous approach to environmental management by companies. This is the aim of this proposal for a Regulation establishing a voluntary "Eco-audit" scheme open to any company engaged in an industrial activity.

Companies which volunteer to participate in this scheme undertake to establish an "environmental protection system" for a given production site and to conduct a systematic, periodic evaluation of their environmental performance. They also undertake to provide the public with relevant, objective information on their performances and intentions as regards the environment.

2. Broadly speaking, the protection system is based on an initial review, by the company, of the environmental impact of the operations conducted at the site. It includes an internal policy formally stated in writing (generally defined for the company as a whole), supplemented by a programme of measures at the site concerned and a management system covering the organizational details and working procedures needed to apply the abovementioned elements.

The environmental audit constitutes the key element in this management system. This is the tool used by the company periodically to check that its management system is functioning properly. A special effort has been made in this proposal to define the criteria and procedures required to conduct this audit without altering its nature as a management tool or hindering its flexible implementation.

3. The credibility of the company's measures and commitments is ensured by periodically providing the public with objective, relevant information in the form of an environmental statement. This document describes the company's performances and intentions and is formally validated by an accredited independent auditor on the basis, inter alia, of the internal audit conducted and its results.

In the light of its importance in this approach, the content of the information in the environmental statement, the conditions for its validation and the responsibilities and procedures for accrediting auditors are dealt with by appropriate provisions in this proposal.

4. In return for satisfying the conditions for participation in the scheme, the "Eco-audit" scheme offers participating companies the possibility of capitalizing on their commitment and boosting their public image through the use of a logo. It also provides for specific measures to support small firms.
5. This explanatory memorandum states the reasons for the choices made by the Commission and provides a detailed description of the proposed approach and of the scheme to be introduced.

II SITUATION IN THE MEMBER STATES AND IN SOME OTHER COUNTRIES

A. Situation outside the Community

USA and Canada

1. In the USA, industry has developed a number of voluntary practices, including environmental auditing, either in response to a regulatory requirement or following an undertaking given to shareholders. The most representative of these practices include :
 - "Compliance" auditing recommended by the EPA
 - The "Responsible Care Programme" developed by the chemical industry,
 - Certain obligations introduced by the "Toxic Release Inventory" Act (SARA 5313).
2. In 1979, due to a change of political climate and after several years of discussions, the Environmental Protection Agency (EPA) gave up the idea of introducing a mandatory independent audit process aimed at verifying certain industrial activities' compliance with regulatory standards on emissions into the air and water.

The EPA is pursuing its efforts, however, to promote this practice through specific campaigns and to assist local administrations and industrial companies.

In July 1986, the EPA finally published a general policy statement² aimed at encouraging private-sector industrial enterprises to make use of audit techniques, accompanied by information concerning methodology. This text lays down the circumstances in which the EPA may oblige enterprises that infringe the existing regulations to carry out an audit, prior to the introduction by the authorities of a suitable programme designed to bring them up to standard. It also determines the principles to be observed by the EPA's inspection services to respond positively to the efforts of enterprises implementing such an audit.

This text was supplemented in 1989³ by the publication of a particularly detailed compilation of principles and protocols on the conducting of audits at Federal industrial establishments.

2 Federal Register/Vol. 51 No. 131 of 9 July 1986 - Ref : OPPE-FRL-3046-6(2).

3 - Environmental Audit Programme - Design Guidelines for Federal Agencies - EPA 130/4-89/001 - August 1989.
- Generic Protocol for Environmental Audits at Federal Facilities - EPA/130/4-89/002 - August 1989.

3. Title III of the 1986 "Superfund Amendment and Reauthorisation Act" (SARA)⁴ imposes the obligation to report emissions of certain toxic substances into the environment (air, water, waste, land).

The scope is defined by a list of about three hundred substances. Any enterprise operating any of the activities on the list must meet this obligation if it uses at least 25 000 lbs/(12t) of one of these substances as a basic product for its manufacturing operations each year or at least 10 000 lbs/(5t) in related applications (maintenance, cleaning and so on). Since 1988, close to 20 000 industrial establishments have been filing annual statements with the administration on their direct emissions into the environment and their production of toxic waste.

While Title III of SARA did not originally provide for the reduction of industrial emissions of toxic substances, it is interesting to note that, since 1988, the information gathered and disseminated by the administration has been used principally by the companies themselves. Concerned about their corporate image, they have spontaneously stepped up internal supervision of the worst polluters among their production sites. Some of them promptly decided to undertake investments to reduce their most noxious emissions.

The authorities of individual States have also made use of this information and a dozen States or so have supplemented the SARA Regulation with specific regulations to reduce the use and emissions of certain toxic substances.

Finally, at Federal level, in 1990 the EPA drew up a particularly interesting summary of the data gathered⁵ and used these statistics to justify a recent law on air quality (Clean Air Act 1990) by demonstrating that 80% of all toxic industrial emissions into the air were not covered by any regulation.

4. In parallel to the above, the "Responsible Care Programme" adopted in 1988 by the American and Canadian chemical manufacturers' associations (CMA) has gained widespread acceptance in Europe, notably under the title of "commitment to progress".

4 Toxic Chemical Release Inventory. Reporting package. EPA/560/4.91-001, January 1991.

5 The 1988 Toxic Release Inventory National Report - EPA 560/4-90-017-September 1990.

Under this initiative, companies are morally bound to apply a number of codes of practice as regards environmental management. The principles underlying the requirements to be observed follow the same lines as this proposal, but do not go quite as far on some aspects.

The aim is notably to comply with existing regulations, to reduce risks for staff, members of the public and the environment "to an acceptable level", to disseminate relevant information to customers and the public on the attendant risks of the products marketed, to see to it that these products are used and disposed of under proper safety conditions and to take account of essential environmental protection requirements in the design of new products.

In the practical recommendations on the formal management and supervision procedures to be introduced for the purpose of applying these various principles, environmental auditing ranks high in the "Responsible Care Programme" as an evaluation and supervisory tool.

Sweden

5. Following work begun in 1987, in 1988 Sweden drafted a law providing that from 1991 about 6000 industrial establishments must submit an annual environmental report to the authorities on the conditions of compliance with the existing regulations. This report is kept at the public's disposal.

The 1988 draft proposed that the annual reports of the 600 largest establishments be checked by an independent auditor. The report and its audit were to provide the basis on which the authorities would organize their inspection programme and implement a performance improvement programme, if necessary. This provision was ultimately withdrawn because of difficulties with manufacturers and the inspection authorities.

Despite the withdrawal of this clause, however, the Federation of Swedish Industrialists has launched a set of initiatives to promote the use of audits and a number of companies have responded actively by establishing their own voluntary environmental audit programme.

B. Situation in certain Member States

At the present time, no Member State has any specific law concerning environmental management procedures. Nevertheless, some Member States have established regulations to impose comparable practices for certain aspects or have introduced specific promotion and support programmes.

France

1. About 50 000 industrial establishments require prefectural authorization under the Law of 19 July 1976 on "scheduled facilities for the protection of the environment".

These authorizations are issued on a case-by-case basis following a public inquiry into the environmental impact and accident prevention aspects. They are coupled with the obligation to observe a number of requirements concerning general organization and operating conditions for the protection of the environment and, in particular, limitation of emissions into the environment (water, air, land), waste management and the prevention of accidents.

Such requirements are determined individually for each establishment, in the light, *inter alia*, of specific ministerial instructions. These instructions include, in particular:

- the ministerial circular of 28 March 1988, which orders the inspection authorities progressively to introduce self-inspection procedures for emissions into the air and water from large industrial establishments, under the authorities' supervision and statistical control.

Over a thousand establishments are currently subject to this scheme. The available data are compiled by the Ministry of the Environment which, since 1988, has been publishing maps of the principal industrial emissions⁶ which clearly name the establishments responsible for twenty-three water pollutants and thirteen air pollutants and specify the average daily discharge.

- the ministerial circular of 28 March 1990, which orders the same inspection authorities to oblige companies given priority in their sector to carry out studies on their waste management. On this particular aspect of waste production, disposal and recycling, it appears that the evaluations requested fully fit the description of audits.

⁶ Ministère de l'Environnement, Direction de l'Eau, de la Prévention des Pollutions Industrielles et des Risques, Service de l'Environnement Industriel. Cartographie de la pollution industrielle - Principaux rejets - Décembre 1987, Mai 1989, Septembre 1990.

The inspection authorities are under no obligation, however, to ensure that the results of these evaluations are published in any specific form.

The Netherlands

2. In August 1989, the government published a multiannual action programme on the environment, which included provisions⁷ concerning the need for companies operating industrial activities with a significant environmental impact to introduce an "internal environmental protection system". This system must comprise an internal policy formally stated in writing at the highest level of the company; measures aimed at making essential environmental protection requirements an integral part of all production and management activities; environmental programmes for the implementation of this policy within each establishment as well as working procedures and organizational measures in each unit for the supervision of emissions; training and information of personnel; preparation of a periodic report for the authorities and implementation of a programme of internal supervision through audits.

These measures, which apply to around 12 000 priority establishments, serve as recommendations for the time being, but official publications mention the possibility of resorting to mandatory provisions if these recommendations fail to produce sufficient results by the end of 1992.

Furthermore, provision is made for a simplified internal protection system for smaller companies for which an operating licence is required under the law on the prevention of pollution (250 000 companies concerned).

United Kingdom

3. Various proposals to include an obligation to carry out environmental audits have been considered during the drafting of new laws (Enterprise Act 1989, Environmental Protection Act 1990), but in the end were not adopted. The British government's position, however, is clearly in favour of the audit as a voluntary initiative and it encourages large enterprises to develop their own audit programmes and disseminate information on their environmental performances.

⁷ Milieuzorg, Tweede Kamer, 1989-90, 20.633 No 4.

Ireland

4. A specific clause (Environmental Protection Agency Bill, 1990, paragraph 71) assigns a very special role in environmental auditing to Ireland's new Environmental Protection Agency.

Among other things, this Agency is required to develop knowledge of the criteria, principles and appropriate methodologies to carry out audits, prepare suitable users' guides and launch awareness-raising and training activities targeted in particular on small firms.

OTHER MEMBER STATES

No specific activities covering all or some of the concerns covered by this proposal for a Regulation have been noted by the Commission in the other Member States.

III GENERAL COMMENTS ON THIS PROPOSAL FOR A REGULATION

A. Opportunities unexploited by the traditional regulatory approach to the improvement of the environmental performance of potentially harmful activities

1. A general study of the situation existing in the European Economic Community showed that no Member State possesses a specific compulsory regulation on environmental auditing today. On the other hand, a large number of Member States have felt the need to develop, either on a regulatory basis, in the form of partnerships with industry, or, more informally, as part of their administrative practices, specific measures intended directly to encourage the implementation of environmental audits or geared to the direct objectives of this practice.
2. These different measures, by nature, supplement the traditional regulatory approach followed until recent years by the Member States, either on their own initiative or in response to the tightening-up of the Community legislation to control pollution from industrial sources.

The traditional approach based on the imposition of standards for emissions of certain pollutants into the environment has produced and will continue to produce tangible, pre-planned results in response to the problems posed by emissions of certain noxious substances into a given sector of the environment or has limited or reduced the impact of selected, clearly-defined industrial activities.

3. However, such an approach is insufficient if the objective is also to promote efficient management by companies to take account of environmental protection requirements.

At the moment there appears to be no general mandatory approach to this aspect.

B. Improvement of conditions governing public information on the environmental performances and intentions of companies

4. It must be remembered that the Community legislation contains no special provisions to promote public information on the conditions in which potential industrial polluters comply with the constraints placed on them by Community legislation in the course of their activities.

5. Directive 90/313/EEC of 7 June 1990⁸ aims at ensuring free public access to any information that the authorities possess regarding environmental protection. Consequently, it lays down important criteria and safeguards for the dissemination of information and the minimum conditions of access to information that cannot be directly disseminated. It is not, however, as such an instrument capable of generating such information.
6. In another connection, Directive 85/337/EEC of 27 June 1985⁹ on the assessment of the effects of certain public or private projects on the environment imposes an obligation to assess the impact of industrial and certain other activities that are potentially harmful for the environment, prior to the granting of authorization. It provides for compulsory public access to the information produced in order to obtain authorization and for the introduction of public inquiry procedures to examine authorization of the most extensive projects. In practice, however, the setting of criteria regarding the scale or extent of the operations subject to these provisions is left very largely to the discretion of the Member States and, by nature, the Directive applies only to new large-scale operations.
7. The extensive work undertaken within the Community during information campaigns on the risks of major industrial accidents revealed, however, strong public demand for general information, going far beyond the field of industrial safety, on measures to prevent pollution and nuisances and on emissions from industrial establishments into the environment. One example in this context is the initiative recently taken by France in response to the particularly urgent demand expressed in the industrial region of Fos Etang-de-Berre. It consisted of setting up, with financial assistance from the Commission, an information centre covering all the activities in the Provence-Alpes-Côte d'Azur region. This centre should, in particular, shortly be able to disseminate a summary of the information collected by the local authorities in the framework of the self-inspection procedures described earlier.

C. The concept of environmental auditing

Origin

1. The use of a limited form of environmental audit started in the second half of the 1970s in large chemical firms in North America, as a result of growing regulatory constraints following a number of accidents. "Compliance auditing" was carried out at the request of public organizations in charge of auditing companies' financial accounts and, hence, constituted a direct extension of the

8 OJ No L 158, 23.6.1990, p. 56.

9 OJ No L 175, 9.7.1985, p. 40.

financial audit. The objective was to inform shareholders about the level of compliance with existing regulations, as an indication of whether the level of the company's vulnerability in relation to any damage it caused to the environment was acceptable.

Industrial firms subsequently took up this practice on a voluntary basis as an internal management tool.

Definition

2. In November 1988, the Executive Bureau of the International Chamber of Commerce published a document on environmental auditing. This organization's definition of the audit, which seems to correspond to the type of audit generally advocated, is "a management tool" consisting of a systematic, periodic and objective evaluation of the performance of the organization, the management systems and the equipment introduced in a given industrial establishment to limit and assess the environmental impact of the industrial activities. The aim is to facilitate supervision and at the same time gain information on an establishment's record as regards compliance with the company's internal policies and with the regulations in force.

Since then, this definition has been widely recognized by the industrial world and has been adopted, almost unchanged, by the Irish government in the description of the tasks facing the Environmental Protection Agency set up in 1990 (see Chapter II.B).

For this reason, the Commission too has chosen the definition of the International Chamber of Commerce in this proposal for a Regulation.

Meaning and scope

3. It should be made clear here that "audit" is therefore defined as evaluation of the environmental management in the audited establishment. Naturally, assessment of the environmental impact of industrial activities at the establishment and the production of information and data specifically intended for the public are also essential for any meaningful evaluation of performance.
4. To function properly, the environmental audit must consequently be implemented by a company that already possesses a full-scale management system enabling it to define, plan, supervise and check its environmental "behaviour". The audit then becomes a key component of the management system, since it is in fact the prime tool with which the company periodically checks that this system is adequate and working properly at a particular site.

5. The Commission has taken care to incorporate the environmental audit into a system with broader aims, thereby making it possible to fulfill the objectives pursued in a perfectly consistent manner.

D. Opportunities offered by a voluntary scheme

1. The Commission therefore proposes an approach based on a voluntary scheme, initially lasting four years.

The proposed scheme is designed to target motivated companies straightaway and to improve their environmental performances by exercising discipline in environmental management matters (based on the establishment of an internal environmental protection system and, within this framework, on the conducting of periodic audits) and by informing the public about their performances and their intentions regarding the environment (through regular publication of a special environmental report).

The voluntary nature of the proposed approach is perfectly consistent with the objectives of the Commission which wishes at this stage to give an impetus to improvements in the performance of industrial operations, irrespective of size or nature, to encourage companies to behave responsibly and to facilitate the flow of information to, and participation by, the public, as an addition to the traditional regulatory approach.

5. The credibility of the voluntary scheme is guaranteed by systematic external verification. This verification covers on the one hand strict observance by the company of the methodology for carrying out the audit and, on the other hand, the thoroughness and objectivity of the information provided. This verification is carried out by an independent accredited auditor.

Examples show that already some companies concerned about the credibility of their commitment to environmental protection have established environmental evaluations and had reports for the public on the conclusions of these evaluations validated by well-known, independent external organizations¹⁰.

E. Principal features of the planned system

1. The voluntary Eco-audit scheme is open to any company engaged in industrial activities at a given production site.

¹⁰ NORSK HYDRO UK Environmental report, including LLOYD'S Register Statement, October 1990. Norsk Hydro UK Ltd. TWICKENHAM, Middlesex TW1 1EE.

2. Participating companies will be granted a logo for the specific site, which may be used on condition that the exact meaning of the logo, which proves nothing about the product's intrinsic environmental quality, is readily understood.
3. An official list of companies participating will be drawn up in each Member State and must be forwarded every year to the Commission, which will publish all the data collected in the Official Journal of the EC.
4. All companies participating must satisfy the following conditions:
 - carry out an environmental review of the site concerned, showing actual and potential problems caused by the activities operated at the site. Impact assessments carried out in the past under the Community legislation in particular may serve as the basis for this review.
 - on the basis of the findings of this review, introduce an environmental protection system, formally stated in writing, comprising: a policy defined for the company as a whole, an implementation programme for the site concerned and a management system defining the organizational measures and working procedures required to implement and supervise the programme. In particular, this management system must include the audit programme introduced by the company specifically in line with the principles, criteria and methods described in this proposal.
 - draw up, after each internal audit, an environmental statement intended for the public, presenting an objective, exhaustive report in appropriate form on the problems brought to light during the environmental review, figures on the site's performance, a summary of the policy, programme and objectives pursued at the site and information on the intentions and steps taken to achieve those objectives.
 - have an accredited environmental auditor examine and validate the audit procedure utilized and the environmental statement thus drawn up.

5. Each Member State will ensure that steps are taken to introduce an accreditation system, responsible for establishing and applying appropriate procedures for the accreditation of the environmental auditors entrusted with the task of validating the audit process and the environmental report. The Member States may rely on existing bodies, but must observe the conditions and criteria specified by this proposal in the matter of competence and pluralism.

IV PRESENTATION OF THE ARTICLES

Article 1

Article 1 establishes the Eco-audit scheme and defines its objectives.

The Eco-audit scheme is a Community framework allowing voluntary participation by companies in the industrial sector.

The fundamental objective of the scheme is to improve the environmental performance of industrial activities and thereby contribute to protecting the environment.

To this end, the scheme requires companies to establish environmental protection systems, evaluate such systems and inform the public about their environmental performance.

Article 2

This Article defines the basic terms used in the Regulation.

Only the terms used in a specific sense in this proposal are defined.

Environmental review

This is the starting point for the Eco-audit process. The environmental review is a comprehensive study of the interaction between the environment and activities at the production site. This includes identifying and analysing general problems, determining the environmental impact of the activities concerned and evaluating the performance of all the measures and systems introduced.

Unlike environmental impact assessments of projects, this type of environmental review analyses an existing situation, rather than modelling a hypothetical scenario. Consequently, a different method will be employed.

All the significant environmental aspects listed in Annex I are reviewed.

Environmental protection system

This term means the package of measures taken by the company to protect the environment.

These include the technical processes and equipment, the organizational, management, supervision and emergency arrangements, etc.

Generally, therefore, this concerns the technical facilities and the management system. Some of these measures have to be taken to comply with the relevant statutory standards, others stem from the policy and objectives adopted autonomously by the company.

Environmental policy

Environmental policy means a document from the senior management defining the company's overall aims with respect to the environment and the principles on which its action in this field will be based. These aims and principles apply to all the company's activities and at all the production sites concerned.

Such an environmental policy sometimes includes quantitative targets, e.g. for reducing or ending use or emissions of specific substances.

Environmental management

This is the function of determining and implementing the company's environmental policy.

Environmental management is one aspect of the company's general management tasks.

Environmental management system

Environmental management is put into action by a management system, i.e. establishment of an organizational structure, definition of responsibilities, practices, procedures and working methods and allocation of the requisite resources.

Usually, the environmental management system too is an integral part of the company's general management system.

Environmental management and the environmental management system alike cover both the general aspects and problems specific to the site in question.

Environmental objectives

These are the detailed goals, including target values, which the company has set itself in the environmental protection field, particularly at the site concerned, in the light of the policy established by the senior management.

These objectives could include a reduction of certain impacts detected, improvements in the quality of the environment, measures to lower emissions, waste generation, energy consumption, etc.

Environmental programme

This programme describes the action planned by the company in order to attain the objectives set for the site in question by the appointed time.

Environmental audit

The definition of "environmental audit" adopted by the International Chamber of Commerce has been incorporated in the proposal for a Regulation since it reflects the most widespread practice by the companies which already conduct such audits and has the support of a broad consensus within industry.

Such audits are an environmental management tool enabling senior

management to monitor and evaluate performance.

The fundamental features enshrined in the proposal are that the audits must be periodic, systematic and objective.

This audit procedure includes evaluation of the organizational arrangements, management system and equipment in comparison with the statutory standards, the company's own standards and the technological standards equivalent to the best available technology for reducing pollution, as defined in Community legislation.

Environmental statement

This is the document regularly published by the companies participating in the Eco-audit scheme to keep the public informed, in particular about the environmental performance of each site concerned.

Industrial activity

The Regulation applies to the mining and quarrying industries, manufacturing industry, certain branches of the energy industry and waste management activities. The definition refers to the NACE classification of economic activities in the European Community.

Company

The proposal for a Regulation defines "company" very broadly, as any organization, whether publicly or privately owned, which has control over activities at a given production site.

Site

The definition of site refers to the geographical location where the activities are carried out, including any associated stores, equipment and infrastructure.

Accredited environmental auditor

This is a person or organization accredited, following the procedure introduced by the Member States to implement the Regulation, to validate the environmental statements. Validation of complex activities will call for a wide range of skills which no single expert can combine. Consequently, the accreditation will define the field in which the expert or organization is authorized to operate.

Competent bodies

Competent bodies are the organizations designated by the Member States to perform the following tasks:

- to receive the first environmental statement and the information specified in Annex IV;
- to receive the subsequent statements;
- to participate in the establishment and management of the systems for the accreditation of environmental auditors;
- to establish, update and send the Commission the list of sites participating in the Eco-audit scheme;
- to supervise use of the logo.

Article 3

This Article defines the commitments made by companies which decide to participate in the voluntary Eco-audit scheme. This scheme is open to companies operating one or more of the industrial activities defined in Article 2. The commitments apply to the individual production site.

The basic commitments are:

- to conduct an initial environmental review;
- to establish an environmental protection system, in the light of the results of the initial review;
- to carry out, or have carried out, periodic, systematic environmental audits of the activities concerned;
- to prepare periodic environmental statements;
- to have the statements validated by accredited environmental auditors;
- to submit the statements to the competent body and keep them at the disposal of the public.

Participation in the scheme starts from the time of submission to the competent body of the first statement validated by an accredited auditor.

Article 4

Article 4 aims at standardization of the environmental management systems which are a key component of the protection systems. This standardization will be carried out by the appropriate European standardization bodies on request from the Commission and on the basis of the criteria set out in Annex I.

These standards will supplement and specify in greater detail the EN 29 000 series of standards which will serve as the point of reference for the establishment of the management systems from the time of entry into force of the Regulation.

Article 5

Article 5 defines the nature and content of the periodic environmental statement. This statement is to be prepared under the control of company management on the basis, in particular, of the results of the audit. It will also contain data gleaned from other procedures, such as emission inventories.

The statement is a non-technical document written specifically for the public.

It will include, in particular, details of:

- the activities concerned;
- the environmental problems raised by these activities;
- an inventory of emissions, of waste generation and of energy and raw material consumption;
- the company's environmental policy, programme and objectives;
- environmental performance.

Article 6

Article 6 contains rules on the organization of auditing and validation activities.

The audit will be conducted either by the company itself if it has an appropriate system of its own or by an external body recognized to this end by the Member State.

In both cases, the ISO 10011 standards will apply.

The accredited environmental auditors will validate the statements in line with the criteria set out in Annex II. The auditors' activities will be covered by the professional secrecy obligation.

The European Organization for Testing and Certification will coordinate the procedures for validation and certification of compliance with the standards established pursuant to Article 4.

Article 7

This Article lays down the rules on the accreditation of environmental auditors. The Member States will ensure the establishment of accreditation systems responsible for laying down and implementing appropriate accreditation conditions and procedures.

To ensure Community-wide harmonization of validation activities, these conditions and procedures must be approved by the Commission before they are adopted by an accreditation system. All parties concerned (competent bodies, industrial confederations, non-governmental organizations and trade unions) will be entitled to take part in setting up and directing these systems.

Professional auditors will automatically be recognized as accredited throughout the Community.

Article 8

From the national lists established by the accreditation systems in each Member State, the Commission will compile a list of accredited environmental auditors and publish it in the Official Journal of the European Communities.

Article 9

The competent body in each Member State will establish a list of sites participating in the Eco-audit scheme.

From these national lists, the Commission will establish a combined list which will be updated annually and published in the Official Journal of the European Communities.

Article 10

The Member States will be required to designate the competent bodies within twelve months of the date of adoption of the Regulation.

Article 11

This Article defines the conditions for use of the Eco-audit logo.

This logo may not be used on products or product packages nor for advertising products.

Also the logo must always be accompanied by a statement indicating the sites at which the Eco-audit scheme applies.

The logo may not be used in relation to sites which fail to comply with the Community and national environmental regulations.

The competent authorities will be empowered to supervise use of the logo by companies.

Article 12

The Member States will be allowed to encourage companies to participate in the Eco-audit scheme, provided the action is in compliance with Community law. For small firms in particular, provision has been made for establishing assistance facilities to provide the expertise and support needed to solve specific problems which could otherwise restrict their participation in the scheme.

The Commission will also take measures to assist small firms, in particular to provide training, information and technical assistance.

Article 13

The Regulation will be reviewed four years after entry into force, in the light of the experience gained. In particular, the voluntary nature and scope of the scheme will be reviewed. Provision has been made for the Council to adopt any amendments needed by a qualified majority.

Article 14

The Regulation will enter into force the day following its publication, but will not apply until 18 months after it comes into force.

Annex I

Annex I defines the criteria concerning environmental protection systems and environmental auditing.

Inter alia, this Annex defines the standards applicable (EN 29 000 for equipment and ISO 10011 for the audit), the good environmental management practices to be observed and the issues to be covered by the environmental reviews and audits.

The Annex also defines in detail the elements to be included in the environmental protection system.

In the specific case of the audit, the Annex defines the requirements applicable as regards the objectives, scope, organization and resources, planning and preparation, on-site audit activities, reporting and follow-up. In addition, an audit frequency of between one and three years has been set, leaving company management maximum room for manoeuvre to decide the frequency for each site, within this range, on the basis of criteria such as the environmental impact of the activities concerned.

Annex II

Annex II deals with the accreditation and role of auditors. The accreditation conditions and procedures will take account of European standard EN 45012.

Auditors will be responsible for checking that companies comply with the relevant requirements of the Eco-audit scheme. Compliance with these requirements is the precondition for validation of the environmental statement and, hence, for inclusion or retention on the list of companies participating in the Eco-audit scheme and entitled to use the logo.

The auditor must use the appropriate methods to check compliance, including a visit to the site, but avoiding unnecessary duplication of the company's own internal audit. The Commission will lay down the validation guidelines to be applied by auditors.

Proposal for a
COUNCIL REGULATION (EEC)

allowing voluntary participation by companies in the industrial
sector in a Community ECO-audit scheme

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic
Community, and in particular Article 130s thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Whereas the objectives of the Community's environment policy, as set
out in the Treaty and detailed in the European Community's Action
Programmes on the Environment for 1973⁽¹⁾, for 1977⁽²⁾, for
1983⁽³⁾ and for 1987⁽⁴⁾, are, in particular, to prevent, reduce and
as far as possible eliminate pollution, particularly at source, and
ensure sound management of raw material resources, on the basis of the
polluter pays principle;

(1) OJ No C 112, 20.12.1973, p. 1.

(2) OJ No C 139, 13.6.1977, p. 1.

(3) OJ No C 46, 17.2.1983, p. 1.

(4) OJ No C 70, 18.3.1987, p. 1.

Whereas, in particular, the Fourth Community Action Programme on the Environment highlights the need to develop a more integrated policy on pollution control;

Whereas the Council declared, in its resolution of 19 October 1987 concerning the Fourth Action Programme on the Environment⁽⁵⁾, that it was important, while observing the respective powers of the Community and the Member States, for Community action to concentrate on certain priority areas, particularly improved access to information on the environment; whereas the European Parliament stressed, in its opinion on the same Action Programme⁽⁶⁾, that access to information for all must be made possible by a specific Community programme;

Whereas the Council adopted Directive 90/313/EEC of 7 June 1990 on the freedom of access to information on the environment⁽⁷⁾;

Whereas companies, in particular industrial companies, are faced with constantly growing, far-reaching and complex tasks and responsibilities related to the assessment, control, prevention or reduction of the environmental impact of their activities;

Whereas these tasks and responsibilities call for companies to establish effective environmental protection systems;

Whereas the application of environmental protection systems by companies cannot be separated from the need to ensure appropriate participation by workers in the establishment and implementation of such systems and from the need to promote greater protection of the safety and health of workers;

(5) OJ No C 328, 7.12.1987, p. 1.

(6) OJ No C 156, 15.6.1987, p. 138.

(7) OJ No L 158, 23.6.1990, p. 56.

Whereas the use of environmental auditing techniques, within the framework of such environmental protection systems, is particularly important for the systematic, regular and objective evaluation of environmental performances and facilitates improvement of such performances;

Whereas the establishment of environmental protection systems and the use of environmental auditing in this context are more advanced in the industrial sector;

Whereas the public is showing growing interest in information about the environmental performances of companies;

Whereas environmental auditing, implemented within an appropriate framework, can provide both an effective tool to improve the environmental performances of companies and a solid basis for company policy on information for, and collaboration with, the public;

Whereas the introduction of a flexible Community scheme for the evaluation and improvement of the environmental performance of certain activities would also stimulate further developments in areas such as standardization and certification of internal environmental management systems;

Whereas it is therefore necessary and appropriate to encourage companies to introduce environmental protection systems including audit programmes and to promote systematic, sound information for the public on companies' environmental policy, programmes, management and performance and, in particular, on the link between health and the environment;

Whereas the best means of achieving this end is to establish a Community scheme allowing voluntary participation by companies;

Whereas the aims of such a scheme should be to promote the introduction of effective protection systems, in the light of initial comprehensive and detailed environmental reviews, to lay down the essential requirements for environmental auditing, within the framework of such protection systems, and to inform the public on the basis, in particular, of the audit findings, about the environmental performances of companies;

Whereas it is necessary to provide for independent validation, by accredited environmental auditors, of the environmental statements for the public, in order to guarantee the reliability and representativeness of such information;

Whereas it is necessary to establish the conditions and procedures for the accreditation of environmental auditors and procedures for preventing any distortion of the validation activities within the framework of this Regulation;

Whereas this Regulation could need revision, particularly of its scope, in the light of the experience gained in the first years of its implementation; whereas, therefore, an effective procedure is necessary for such revision,

HAS ADOPTED THIS REGULATION:

ARTICLE 1

The Eco-audit scheme and its objectives

1. A Community scheme allowing voluntary participation by industrial companies, hereinafter referred to as the "Eco-audit scheme", is hereby established for the evaluation and improvement of the environmental performance of industrial activities and the provision of the relevant information to the public.
2. The objective of the Eco-audit scheme shall be to promote improvements in the environmental performance of industrial activities by:
 - (a) the establishment and implementation of environmental protection systems by companies;
 - (b) the systematic, objective and periodic evaluation of the environmental performance of such systems;
 - (c) the provision of information on environmental performance to the public.

ARTICLE 2

Definitions

For the purposes of this Regulation:

- (a) "environmental review" means an initial comprehensive analysis of the environmental issues, impact and performance related to activities at a site, including in particular the aspects referred to in Annex I;
- (b) "environmental protection system" means a coordinated set of measures of various kinds aimed at protecting the environment;

- (c) "environmental policy" means a statement of a company's overall aims and principles of action with respect to the environment;
- (d) "environmental management" means the aspects of the overall management function that determine and implement the environmental policy;
- (e) "environmental management system" means the organizational structure, responsibilities, practices, procedures, processes and resources for implementing environmental management;
- (f) "environmental objectives" means the detailed goals, in terms of environmental performance, which a company sets itself;
- (g) "environmental programme" means a description of the company's specific objectives and activities to ensure greater protection of the environment at a given site, including a description of the measures taken to achieve such objectives and the deadlines set for implementation of such measures;
- (h) "environmental audit" means a management tool comprising a systematic, documented, periodic and objective evaluation of the performance of the organization, management system and equipment designed to protect the environment with the aim of:
 - (i) facilitating management control of environmental practices;
 - (ii) assessing compliance with company policies, including observance of the existing regulatory requirements.

Environmental audit includes determination of the factual data necessary to evaluate performance;

- (i) "environmental statement" means a statement prepared by the company in line with the requirements of this Regulation and, in particular, of Article 5;

- (j) "industrial activity" means any activity listed under sections C and D of the classification of economic activities in the European Community (NACE rev. 1), as established by Council Regulation (EEC) No 3037/90⁽⁸⁾, with the addition of electricity, gas, steam and hot water production, and the recycling, treatment, destruction or disposal of solid or liquid waste;
- (k) "company" means any organization which has direct operational control over activities at a given site;
- (l) "site" means all land on which the industrial activities under the control of a company at a given location are carried out, including any connected or associated storage of raw materials, by-products, intermediate products, end-products and waste material, and any equipment and infrastructure involved in the activities, whether or not fixed;
- (m) "accredited environmental auditor" means any person or organization who has obtained accreditation, in line with the conditions and procedures referred to in Article 7;
- (n) "competent bodies" means the bodies designated by Member States, in line with Article 10, to perform the tasks mentioned in this Regulation.

ARTICLE 3

Participation in the Eco-audit scheme, commitments by companies participating, participation procedure

1. Companies operating any industrial activity may participate in the Eco-audit scheme at any of the sites where such activities are performed by undertaking to comply with all the rules and conditions and to observe all the procedures set out in this Regulation at each site involved, and in particular:

(8) OJ No L 293, 24.10.1990, p. 1.

- to establish and implement, in the light of the results of an initial environmental review, in line with the criteria in Annex I and ensuring appropriate participation by workers and their representatives, an environmental protection system applicable to all activities at the site;
 - to carry out, or have carried out, in compliance with the criteria in Annex I, environmental audits at the sites concerned;
 - to examine, at the highest management level, all the findings of the audit and, in the light thereof and within the framework of their environmental programme, set objectives and measures aimed at continuous improvement of their environmental performance;
 - to prepare an environmental statement specific to each site audited with the same frequency as the environmental audit;
 - to have the environmental statement validated by accredited environmental auditors to confirm that the data and information contained therein are reliable and that all the significant environmental issues of relevance to the site are covered in sufficient detail;
 - to submit the environmental statements validated by accredited environmental auditors to the competent body and keep them at the disposal of the public.
2. Companies which decide to participate in the Eco-audit scheme for a given site shall, after having carried out an initial environmental review of the site, established an environmental protection system, and prepared an environmental statement, submit the first environmental statement validated by an environmental auditor, including the information referred to in Annex IV, to the competent body referred to in Article 10.

3. The commitments defined in this Article shall apply without prejudice to the action decided upon by the Member States within the framework of point (a) of Article 12(1).

ARTICLE 4

Standardization of environmental management systems

The Commission shall request the appropriate European standardization bodies to develop and adopt standards for environmental management systems based on the criteria in Annex I, taking into account the objectives, principles and provisions of this Regulation.

ARTICLE 5

Environmental statement

1. An environmental statement shall be prepared for each site participating in the Eco-audit scheme, under the control of company management and on the basis, in particular, of each environmental audit or, for the first statement, of the initial environmental review. It shall be written specifically for the public in a concise, non-technical form.
2. The environmental statement shall include, in particular, the following contents:
 - a description of the company's activities at the site considered;
 - a detailed assessment of all the significant environmental issues of relevance to the activities concerned;

- a summary of the figures on pollutant emissions, waste generation, raw material, energy and water consumption and other significant environmental aspects, as appropriate;
- a presentation of the company's environmental policy, programme and specific objectives for the site considered;
- an evaluation of the environmental performance of the protection system implemented at the site considered;
- the deadline set for submission of the next statement.

The statement shall be validated under the conditions set out in Annex II.

ARTICLE 6

Organization of auditing and validation activities

1. The environmental audit of a site may be conducted either by the company's auditors, if the company has set up its own appropriate system, for example within the framework of the EN 29000 standard, or by external auditors accredited for this purpose by a body recognized by the Member State. In both cases the audit shall be performed in line with the criteria set out in Annex I and, in particular, taking account of the ISO 10011 standards on auditors' qualifications (part 2) and on audit procedures (part 1).
2. The environmental statements shall be validated by accredited environmental auditors, in line with the criteria set out in Annex II.

Accredited environmental auditors shall not divulge, without authorization from the company management, any information or data obtained in the course of their validation activities.

3. The Commission shall request the European Organization for Testing and Certification (EOTC) to establish the conditions and procedures for certification of compliance with the standards mentioned in Article 4, based on the criteria set out in Annex II, and to ensure coordination of the bodies designated by the Member States within the framework of Article 7(1).

ARTICLE 7

Accreditation of environmental auditors

1. Member States shall ensure, within 12 months of the entry into force of this Regulation, that accreditation systems responsible for laying down and implementing appropriate conditions and procedures for the accreditation of environmental auditors and for supervising their activities are fully operational. To this end, Member States may either use existing certification institutions or designate or set up other appropriate bodies.

In establishing the abovementioned conditions and procedures, the accreditation systems in the Member States shall take account of the criteria set out in Annex II. Member States shall inform the Commission in advance of the measures they intend to adopt on this subject. These measures must be approved by the Commission before they can be adopted by an accreditation system.

Member States shall adopt the rules and procedures necessary to enable the accreditation systems to perform their role.

Member States shall inform the Commission without delay of the measures taken within the framework of this paragraph.

2. The competent bodies, the industrial confederations concerned, non-governmental environmental and consumer organizations and trade unions shall be entitled to participate in setting up and directing, in line with the rules and procedures established by the Member States, the accreditation systems referred to in paragraph 1. The Commission shall be informed of these rules and procedures without delay.
3. The accreditation systems shall collaborate, in particular in supervising the activities of accredited environmental auditors. The Commission shall take appropriate action to facilitate such collaboration.
4. Auditors accredited in one Member State may perform validation activities in any other Member State.

ARTICLE 8

List of accredited environmental auditors

The accreditation systems shall establish, update and revise a list of accredited environmental auditors in each Member State and shall communicate this list to the Commission.

The Commission shall publish an overall Community list in the Official Journal of the European Communities.

ARTICLE 9

List of sites participating in the Eco-audit scheme

1. The bodies designated for this purpose by the Member States shall establish a list of sites participating in the Eco-audit scheme and shall update this list regularly.

If a company fails to submit the validated environmental statements for a site to the competent body within the deadline announced, the site shall be deleted from the list.

2. The competent bodies shall communicate the lists and their updates to the Commission each year.

Each year the Commission shall publish in the Official Journal of the European Communities a list of all the sites participating in the Eco-audit scheme in the Community.

ARTICLE 10

Competent bodies

Member States shall designate, within 12 months of the entry into force of this Regulation, the competent bodies and shall inform the Commission thereof immediately.

ARTICLE 11

The Eco-audit logo

1. The logo illustrated in Annex III may be used in relation to sites participating in the Eco-audit scheme. The logo shall always be accompanied by a statement of which sites are participating.

The logo may be used:

- on the company's environmental statements;
- on the company's brochures, reports and information documentation;
- on the company's headed paper;
- for the company's advertisements, on condition that such advertisements contain no reference to specific products or services.

The logo may not be used on products, product packages or for product advertisement.

The logo shall always be accompanied by one of the phrases in Annex III, as appropriate.

2. The use of the logo shall be forbidden in the case of sites which fail to comply with the requirements of the Community and national environmental regulations.

Member States shall take the necessary measures to empower the competent bodies to supervise use of the logo and shall inform the Commission of these measures immediately.

ARTICLE 12

Promotion of the Eco-audit scheme

1. Member States may take action to promote the Eco-audit scheme, provided such action is in compliance with Community law, in particular by:

- (a) in the case of small and medium-sized enterprises, establishing or promoting assistance measures and, possibly, structures, aimed at providing such firms with the expertise and support needed in order to comply with the rules, conditions and procedures defined by this Regulation and, in particular, to set up environmental protection systems, conduct audits and prepare and validate statements;

- (b) simplifying and/or reducing the practical verification and inspection formalities under certain conditions, in particular for small and medium-sized enterprises;

- (c) advertising and informing the public of the Eco-audit scheme.

Member States shall inform the Commission immediately of the measures they take within the framework of this Article.

2. The Commission, having consulted the two sides of industry, shall present proposals to the Council aiming at greater participation in the Eco-audit scheme by small and medium-sized enterprises, in particular by providing information, training and technical assistance.

ARTICLE 13

Revision

Four years after the entry into force of this Regulation, the Commission shall review the Eco-audit scheme in the light of the experience gained during its operation and shall, if necessary, propose to the Council the appropriate amendments, particularly to the scope and nature of the scheme.

Within the framework of this revision, the Council shall adopt the amendments proposed by a qualified majority, as provided for by the second paragraph of Article 130s of the Treaty.

ARTICLE 14

Entry into force

This Regulation shall enter into force on 1 January 1993.

It shall apply with effect from 1 July 1994.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council
The President

ANNEX I

Issues, criteria and requirements concerning environmental protection systems and environmental auditing

- A. Environmental protection systems must be established taking account of the EN 29000 series of standards and, as soon as they are adopted, of any specific standards set in the future within the framework of the provisions of Article 4.

Such systems will include, in particular, the following elements, formally stated in writing: an environmental policy, environmental objectives, an environmental programme and an environmental management system, including an audit programme.

The corresponding documents will explain how the environmental policy and the environmental management system for the site relate to the policy and systems of the company as a whole and will include a statement of the environmental policy conducted by the company.

The environmental protection system will include technical and organizational measures and procedures aiming at generating the information and data necessary to evaluate the environmental performance of activities at the site considered, with reference to the company's environmental policies, objectives and programmes.

- B. Issues to be covered

The following issues will be covered within the framework of environmental protection systems and environmental auditing:

- assessment, control and prevention of the impact of the activity concerned on the various sectors of the environment;
- energy management, savings and choice;

- raw materials management, savings, choice and transportation; water management and savings;
- waste avoidance, recycling, reuse, transportation and disposal;
- selection of production processes;
- product planning (design, packaging, transportation, use and disposal);
- prevention and limitation of accidents;
- staff information, training and participation on environmental issues;
- external information and public participation, including dealing with public complaints.

C. Environmental performance will be assessed by reference to the Community and national standards applicable to this field and to the best available pollution abatement technologies, as defined within the framework of Community legislation.

As regards environmental management, the following "good management practices" will be taken as the reference, where appropriate, for the protection systems and environmental auditing under the Eco-audit scheme:

1. Management shall prepare and regularly review at the highest level the company's environmental policy, objectives and programmes. These policies, objectives and programmes shall be stated in writing.
2. Management, in cooperation with staff representatives, shall foster a sense of responsibility for the environment amongst employees at all levels.

3. Management shall assess in advance the environmental impact of all new activities, products and processes.
4. Management shall assess and monitor the impact of current activities on the local environment and examine any significant impact of these activities on the environment in general.
5. Management shall ensure that the environmental impact of all the activities is reduced to the minimum.
6. Management shall ensure that the arrangements necessary to reduce waste generation to the minimum and to conserve resources are introduced and applied.
7. Management shall take the necessary measures to prevent accidental emissions of materials or energy.
8. The company shall establish and apply verification procedures to check compliance with the environmental policy and, where these procedures require measurement and testing, to establish and update records of the results.
9. The company shall establish and update the procedures and action to be pursued in the event of detection of non-compliance with its environmental policy, objectives or targets.
10. Management shall cooperate with the public authorities to establish and update contingency procedures to minimize the impact of any accidents that nevertheless occur.
11. Management shall provide the public with the information necessary to understand the potential environmental impact of the company's activities and shall be prepared to respond positively to expressions of public concern.

12. Management shall provide appropriate advice to customers on the prevention of accidents and pollution during the handling, use and disposal of the products made by the company.
13. Management shall ensure that contractors working on the company's behalf apply environmental standards equivalent to the company's own.
- D. The issues and requirements mentioned in paragraphs B and C will apply in so far as they are under the control of the site management.
- E. **Environmental auditing**

The audit method and procedure will be established in the light of the relevant guidelines in the ISO 10011 international standards and within the framework of the specific principles and requirements of this Regulation.

In particular:

Objectives

The company's environmental auditing programmes will define, in writing, the specific objectives of auditing of the site considered.

The objectives must include, in particular, assessing the management systems in place, determining compliance with Community, national, and local regulations and determining conformity with company policies.

Scope

The overall scope of the audit must be clearly defined and must explicitly specify the:

- ° Subject areas covered.
- ° Activities at the site.
- ° Environmental performance standards.
- ° Period covered by the audit.

Organization and resources

Environmental audits must be performed by auditors with appropriate knowledge of the sectors and fields audited and sufficient training and proficiency as an auditor to achieve the stated objectives. The resources and time allocated to the audit must be commensurate to the scope and objectives of the audit.

The top company management shall support the auditing.

The auditors shall be independent of the activities they audit.

Planning and preparation for a site audit

Each audit will be planned and prepared with the objectives, in particular, of:

- . ensuring that appropriate resources are allocated;
- . ensuring that each individual involved in the audit process (including auditors, site management, staff representatives and other key personnel) understands his or her role and responsibilities.

Preparation will include familiarization with activities on the site and with the environmental protection system established there and review of the findings and conclusions of previous audits.

On-site audit activities

On-site activities will include discussions with site personnel, inspection of operating conditions and equipment and reviewing of records, written procedures and other relevant documentation, with the objective of evaluating environmental performance at the site by determining whether the site meets the applicable standards and whether the systems in place to manage environmental responsibilities are effective and appropriate.

The following steps, in particular, will be included in the audit process:

- ° Understanding of the management systems.
- ° Assessing strengths and weaknesses of the management systems.
- ° Gathering relevant evidence.
- ° Evaluating audit results.
- ° Preparing audit conclusions.
- ° Reporting audit findings and conclusions.

Reporting audit findings and conclusions

A written audit report of the appropriate form and content will be prepared by the auditors to ensure full, formal submission of the findings and conclusions of the audit.

The findings and conclusions of the audit must be formally communicated to the top company management.

The fundamental objective of a written audit report is:

- . to document the scope of the audit;
- . to provide management with factual information on the environmental performance at the site and with the team's conclusions on this performance;
- . to demonstrate the need for and initiate corrective action.

Audit follow-up

The audit process will culminate in the preparation and implementation of a plan of appropriate corrective action.

Appropriate mechanisms must be in place and in operation to ensure that the audit results are followed up.

Criteria for establishing appropriate audit frequency

The audit will be conducted at intervals of between 1 and 3 years. The frequency will be established by the top company management, taking account of the potential overall environmental impact of the activities at the site, depending, in particular, on the following elements:

- . Importance and urgency of the problems detected
- . Scale and complexity of the activities
- . Volume of emissions
- . History of environmental problems

The normal auditing frequency in the Eco-audit scheme will be:

- . 1 year for activities with a high environmental impact
- . 2 years for activities with a moderate environmental impact
- . 3 years for activities with a low environmental impact

ANNEX II

Criteria and requirements concerning the accreditation of environmental auditors and to the function of the auditor

A. Accreditation of environmental auditors

European standard EN 45012 must be taken into account, as appropriate, in setting up and implementing the accreditation procedures and conditions for environmental auditors.

B. The function of accredited auditors

Validation will be carried out by accredited environmental auditors in conformity with the professional codes of practice which will be established and revised by the Commission.

The function of the auditor is to certify:

- compliance with all the requirements of this Regulation, particularly concerning the environmental review, the environmental audit process and the environmental statements;
- the technical validity of the environmental review or audit process and of any other method and procedure on which the information and data contained in the statement are based;
- the reliability of the data and information in the statement and whether the statement adequately covers all the significant environmental issues of relevance to the site.

The auditor will carry out all the investigations necessary to perform the function described above in a sound professional manner, using appropriate methods and avoiding unnecessary duplication of the company's activities and methods.

The auditor will operate on the basis of a written agreement with the company which defines the scope of the work, enables the auditor to operate in an independent professional manner and commits the company to providing the necessary cooperation.

The verification will involve examination of documentation, a visit to the site including, in particular, interviews with personnel, preparation of a report to the company management and solution of the issues raised by the report.

The documentation to be examined in advance of the site visit will include basic information about the site and activities there, the description of the environmental management system in operation at the site, details of the previous environmental review or audit carried out, the report on that review or audit and the draft environmental statement.

The company will also provide the auditor with the necessary information on previous reviews and audits and details of any infringements of the legislation and of any civil suits relating to environmental matters in the previous five years.

The auditor's report to the company management will specify:

- (1) cases of non-compliance with the provisions of this Regulation;
- (2) technical defects in the environmental review or audit method or in any other relevant process;
- (3) points of disagreement with the review or audit report;
- (4) points of disagreement with the draft environmental statement, together with details of the amendments or additions that should be made to the environmental statement.

The following cases can arise:

- (a) if the protection system, the audit method and the other processes used to produce the statement appear to be adequate and the statement proves accurate, sufficiently detailed and in compliance with the requirements of the Eco-audit scheme, the auditor will validate the statement and certify that it gives a true and fair account of the environmental issues of relevance to activities at the site.

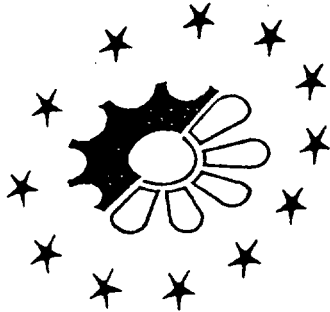
- (b) if the protection system, the audit method and the other relevant processes appear adequate but the statement needs to be revised and/or completed, the auditor will discuss the changes needed with the company management and will not validate the statement until the company has made the appropriate amendments and/or additions to the statement.

- (c) if the protection system, the audit method and/or the other relevant processes considered appear inadequate, the auditor will make appropriate recommendations to the company's management on the improvements needed and will not validate the statement until the shortcomings in the processes have been corrected, the processes repeated as far as necessary, and the statement revised accordingly.

ANNEX III

The Eco-audit logo

Eco-audit is a European Community scheme for the evaluation and improvement of the environmental performance at industrial production sites



The logo illustrated above must be used in conjunction with one of the following phrases, as appropriate:

- "All our production sites in the EC participate in the Eco-audit scheme."
- "All our production sites in (name of EC Member State) participate in the Eco-audit scheme."
- "The following production sites of our company participate in the Eco-audit scheme."

ANNEX IV

Information to be provided to the competent bodies at the time of submission of the first environmental statement

1. Name of company:
2. Name and location of the site:
3. Brief description of activities at the site: (refer to annexed documents if necessary):
4. Name and address of the accredited environmental auditor who validated the statement annexed
5. Deadline for submission of the next validated environmental statement

The following details must be annexed to the statement:

- a. A brief description of the environmental protection system.
- b. A description of the auditing programme established for the site.
- c. The initial validated environmental statement.

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