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Prepared	Reviewed	Approved
 EDPR EU EMS Manager	 EDPR EU EMS Management Representative	 EDPR EU EMS Management Representative
Name: ANGELA TOLEDO	Name: MANUEL FERNANDEZ	Name: MANUEL FERNANDEZ
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0 CHANGE CONTROL

Edition	Date	Description of the modification
00		Initial edition
01	September 2015	Update to include the figures of Subject to monitor and Area of improvement, and best practices regarding the management of non-conformities.

1 OBJECTIVE AND SCOPE

The aim of this procedure is to define the process to identify, record, analyse and monitor non-conformities and other actions for continual improvement, as well as to establish the necessary actions to eliminate the causes of the non-conformities in order that they do not recur or occur elsewhere.

This procedure shall apply to all facilities and activities included in the EMS scope set out in the file *Facilities in the EMS scope*.

2 REFERENCES

- ISO 14001:2004 standard
- MAN-EU/EMS-MAN-00001 “*EMS Manual*”
- EXPR-EU/EMS-GEN-00002 “*Identification and assessment of compliance obligations*”

3 DEFINITIONS

- **Action plan:** detailed plan including the actions to be taken in order to achieve a specific goal.
- **Area of Improvement (AI):** action focused in an aspect not arising from a non-compliance or risk of non-compliance, but which can be improved.
- **Non-Conformity (NC):** Non-fulfilment of a requirement.
- **Requirement:** need or expectation that is stated, generally implied or obligatory.
- **Subject to Monitor (SM):** action set whenever a requirement in risk of non-compliance is detected, to prevent a potential future breach.

4 ABBREVIATIONS

- **AI:** Area of Improvement.
- **EDPR EU:** EDP Renewables Europe.
- **EMS:** Environmental Management System.
- **EMS Manager:** EMS Manager in each country.

- **NC:** Non-Conformity.
- **SM:** Subject to Monitor.

5 PROCEDURE

5.1 BACKGROUND

One of the main pillars of the EDPR EU EMS is to ensure the compliance with the obligations of environmental nature of the company, whether arising from legislation, permits, authorizations, internal agreements, EMS procedures, etc.

In this regard, the general procedure EXPRESS-EU/EMS-GEN-00002 *"Identification and assessment of compliance obligations"* establishes the process of identification and assessment of compliance obligations of environmental character applicable to EDPR EU.

Besides performing a periodic compliance assessment of the environmental obligations, it is essential to ensure that, in case of identifying any requirement not fulfilled or in risk of failure, the corresponding actions are taken.

Following are the different compliance categories and the associated actions according to the general procedure EXPRESS-EU/EMS-GEN-00002 *"Identification and assessment of compliance obligations"*.

- **Non-conformity:** non-fulfilment of a requirement: legal breaches, deviations from internal requirements (policies, procedures....), repetitive failures in operational control, NCs identified by auditors.
- **Subject to Monitor:** action set whenever a requirement in risk of non-compliance is detected, to prevent a potential future breach.
- **Area of Improvement:** action focused in an aspect not arising from a non-compliance or risk of non-compliance, but which can be improved.

Action	Description	Requirement compliance status	SALEM category
Non-conformity (NC)	Non-fulfilment of a requirement	Unfulfilled	N
Subject to monitor (SM)	Action set whenever a requirement in risk of non-compliance is detected, to prevent a potential future breach.	Risk of non-compliance	RI
Area of Improvement (AI) - optional-	Action focused in aspects not arising from a non-compliance or risk of non-compliance, but which can be improved.	Fulfilled	Y
		In process	IP

5.2 NON-CONFORMITIES, SUBJECTS TO MONITOR AND AREAS OF IMPROVEMENT

5.2.1 DETECTION

Any person (EDPR employees, persons working on behalf of the company, auditors, etc) can detect failures, risks of failures or aspects that can be improved related to the environmental management of facilities in operation.

Its detection and proper management enables the continual improvement and enhancement of the environmental performance of the company.

5.2.2 RECORDING

Non-conformities and Subjects to monitor shall be always recorded when a requirement not fulfilled or in risk of non-compliance is detected. It enables to have a structured work plan to analyze the cause(s), define action(s) to eliminate the cause(s), set deadlines and persons in charge of the actions, etc.

The recording of Improvement areas is optional but advisable to improve any environmental aspect. For instance, the observations, comments, recommendations, etc arising from audits can be registered as Improvement areas when having a structured action plan makes sense and helps its implementation.

When registering Non-conformities, Subjects to monitor and Improvement areas it is important to avoid opening records that are not strictly necessary.

- If **similar NCs, SMs or AIs** are identified in different facilities, they can be recorded in the same template, it's not necessary to create individual records for each facility.
- If a **NC, SM or AI already recorded appears again**, it's not necessary to create a new record, just update/reopen the original record with the new finding.
- In case of **occasional failures** (not repetitive) in operational control (for example, waste that appears in the wrong container by mistake, occasional absence of the MSDS of a product...), it's not necessary to record a NC, SM or AI. Just in case these occasional failures become repetitive, they shall be registered and actions shall be taken.
- **Environmental near misses, incidents and emergency situations** shall be always recorded in the template TMP-EU/EMS-SPF-00011 as established in the general procedure EXPR-EU/EMS-GEN-00008 "Near miss and *Emergency preparedness and response*". However, it is not always necessary to record a NC. The NC shall be only recorded if after the analysis of causes of the near miss/incident/emergency situation it is confirmed that it has occurred

because of a legal breach, a deviation from internal requirements or repetitive failures in operational control (for example, not performing the scheduled maintenance).

Non-conformities, Subjects to monitor and Improvement areas shall be recorded by the person who has detected it or by the EMS manager/EDPR EU EMS manager, using the template TMP-EU/EMS-GEN-00013 *"Non-conformities, Subjects to monitor & Areas of improvement"*.

Generally, the information to be included is the following:

- Location: facility(ies) where the NC, SM or AI was detected.
- Registration date.
- Person who detected the NC, SM or AI.
- Description of the finding that led to recording a NC, SM or AI.
- Code.
- Immediate solution: measures taken in the first moments after detecting the NC, SM or AI to avoid major problems.
- Root cause(s) (see 5.2.3. *Analysis*).
- Action plan including action(s) to eliminate the root cause, person(s) in charge of each action, deadlines and estimated resources.
- Approval date: date when the NC, SM or AI was approved by the EDPR EU EMS Manager (EDPR EU) or the EMS manager (business units), mainly regarding the action plan.
- Person(s) in charge of the NC, SM or AI.
- Close out date: date when the NC, SM or AI is closed because the action plan has been implemented and the effectiveness has been evaluated.
- Action plan Monitoring.
- Evaluation of the effectiveness of the action plan.

NCs, SMs and AIs shall be classified using the following code:

BB-AAA-YY-ZZ

BB: acronym that identifies the type of action:

Acronym	Action
NC	Non-conformity
SM	Subject to monitor
AI	Area of Improvement

AAA: acronym that identifies the business unit:

Acronym	Business unit
BEL	Belgium
BRA	Brazil
EUR	Europe
FRA	France
ITA	Italy
POR	Portugal
POL	Poland
ROM	Romania
SPA	Spain

YY: Last two digits of the year in which the action is recorded.

ZZ: Order number within the year (since NCs, SMs and AIs are different actions, they will follow their own order numbers). For example: NC-EUR-15-01, AI-EUR-15-01

5.2.3 ANALYSIS

When any circumstance led to register a NC or SM, next step shall be making a thorough analysis of causes. In the case of AIs is not mandatory but advisable.

The importance of determining the root cause lies in being able to establish an action plan meant to eliminate the cause, so that never again take place either in the detected facility or in any other.

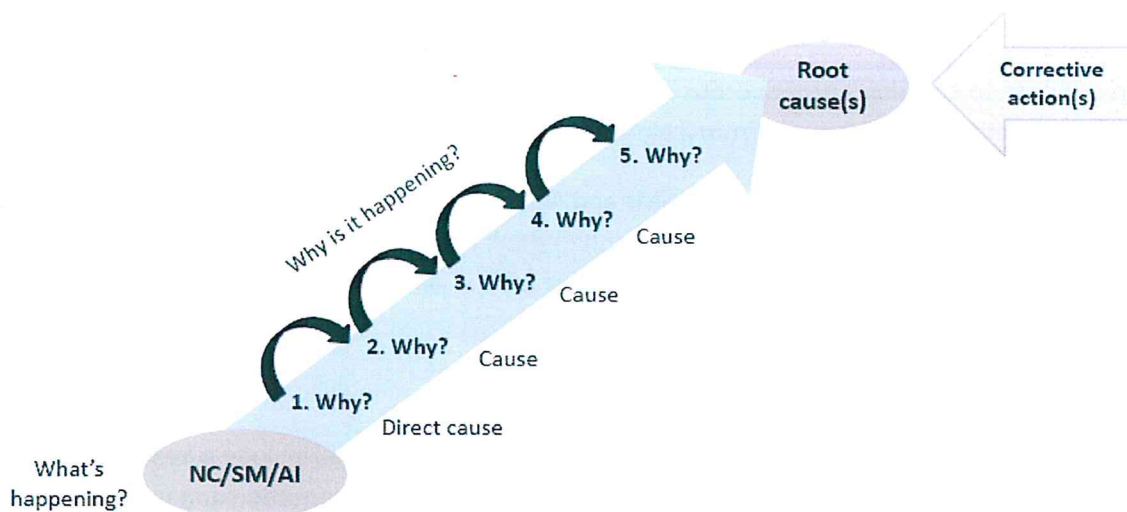
Therefore, it is important to perform a deep analysis of causes to identify the root cause.

There are several methods for determining the root cause, one of the simplest is the methodology of the *5 Whys*. The use of this method or any other is not mandatory, but advisable.

5 Whys is an iterative question-asking technique used to explore the cause-and-effect relationships underlying a particular problem.

It is an easy-to-use tool that can be used by all levels of the organization ensuring that NCs, SMs and AIs are deeply analyzed.

This methodology is also applicable for the investigation of environmental incidents and near-misses.



To apply the 5 Whys methodology:

1. Describe in detail the NC, SM, AI (What? Who? Where? With what frequency? How? What consequences?)
2. Ask first – “Why?”
3. Write the answer(s) to the first question
4. Ask a second time “Why?” for all the causes identified in the first level
5. Write the sub-cause(s) of the second level
6. Continue building the causal tree till identifying the root cause of the NC, SM, AI (it is not always necessary to make 5 times the question “Why?”, but advisable).
7. It is possible to have several root causes. In this case, prioritize (roughly 80% of the results come from working on the 20% of the causes – Pareto’s principle).

Involving in the analysis of the root cause to all the people interested in the problem resolution is a key factor for success because:

- All contribute with their knowledge.
- The final solution belongs to the team and all feel confident with it.
- Everybody is committed to solve the problem.
- The implementation obstacles could be prevented.

It is important to consider that if a NC, SM or AI closed in the past appears again (in the same facility or in a different one), that means that the action plan was not effective. In this case, different actions shall be established to eliminate the root cause.

In addition to carrying out a rigorous analysis of causes, EMS managers shall also ensure that NCs, SMs and AIs are managed from a global perspective.

They shall have a global vision of NCs, SMs and AIs management. When identifying a NC, SM or AI in a particular facility, the EMS manager shall think about the possibility of having the same circumstance in another facility(ies). Depending on the answer, the action plan would have different scopes and may be different.

5.2.4 MONITORING

The action plan established for the resolution of NCs, SMs or AIs shall include a deadline and the person(s) in charge of each action that shall take care of its implementation and monitoring.

The person(s) in charge of each action shall make its follow-up in a frequent manner and register it in the template TMP-EU/EMS-GEN-00013.

A regular monitoring of the action plan enables to detect problems in the implementation of actions, taking the necessary measures to correct or redefine them, if necessary.

When all the actions included in the action plan are implemented and the NC, SM or AI is considered to be closed, the manager of the department directly affected by the NC, SM or AI, and the EMS manager (business units)/EDPR EU EMS manager (EDPR EU) shall evaluate the effectiveness of the action plan, as well as record the closing date and sign the registry.

Whenever an action plan is not effective, the following situations shall be analysed and corrected, keeping open the NC, SM or AI:

- The root cause was not properly identified.
- The action plan was not focused on eliminating the root cause.
- The action plan was not properly implemented.

The EDPR EU EMS manager and the EMS managers shall ensure that permanent changes resulting from action plans are included in the EMS documentation to ensure that these relevant improvements are internalized in the normal operation of the company.

In addition to the recording of individual NCs, SMs and AIs in the template TMP-EU/EMS-GEN-00013, the EMS Manager (business units)/EDPR EU EMS Manager (EDPR EU) is responsible for keeping track regularly of the NCs, SMs and AIs in the template TMP-EU/EMS-GEN-00014 "Non-conformities, Subjects to monitor & Areas of improvement List".

This list will include at least the following information:

- Code
- Affected Location(s)
- Brief description
- Registration date
- Category (water, waste, noise...)
- Action plan required?
- Closing date
- Effectiveness



GENERAL EXECUTIVE PROCEDURE
NON-CONFORMITIES, SUBJECTS TO MONITOR
AND AREAS OF IMPROVEMENT

EXPR-EU/EMS-GEN-00009

v. 01

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6 RESPONSIBILITIES

Task	Business Units			EDPR EU Sustainability department
	Environmental department	O&M department	Asset management department	
Detect and record NCs, SMs and AIs	Detect and record Ensure a proper analysis of causes and establishment of action plan	Detect and record Support the environmental department	Detect and record Support the environmental department	Detect and record Ensure a proper analysis of causes and establishment of action plan
Perform a regular follow-up of NCs, SMs and AIs	Follow up NCs, SMs, AIs Follow up action plan	Follow up action plan	Follow up action plan	Follow up NCs, SMs, AIs Follow up action plan
Ensure a global management of NCs, SMs and AIs	Ensure a global management of NCs, SMs and AIs	n/a	n/a	Ensure a global management of NCs, SMs and AIs
Keep the list of NCs, SMs and AIs up to date	Keep updated	n/a	n/a	Keep updated

7 TEMPLATES

- TMP-EU/EMS-GEN-00013 *Non-Conformity, Subject to Monitor & Area of Improvement.*
- TMP-EU/EMS-GEN-00014 *Non-Conformity, Subject to Monitor & Area of Improvement List.*

TMP-EU/EMS-GEN-00013

NON-CONFORMITY, SUBJECT TO MONITOR AND AREA OF IMPROVEMENT

LOCATION	REGISTRATION DATE	DETECTED BY (NAME):
	__/__/__	

NC/SM/AI DESCRIPTION	CODE: BB-AAA-YY-ZZ

REQUIRES IMMEDIATE SOLUTION?

ROOT CAUSE

REQUIRES ACTION PLAN?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
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ACTION PLAN			
ACTIONS	PERSON(S) IN CHARGE OF	DEADLINE	ESTIMATED RESOURCES

APPROVAL DATE	PERSON(S) IN CHARGE OF NC/SM/AI	CLOSE OUT DATE

ACTION PLAN MONITORING	PERSON IN CHARGE	DATE

EVALUATION OF EFFECTIVENESS:	EFFECTIVE	YES <input type="checkbox"/>	NO <input type="checkbox"/>
Date and Signature:	Date and Signature:		
EDPR EU EMS Manager/EMS Manager	Manager of the affected department		

COMMENTS



NON-CONFORMITIES, SUBJECTS TO MONITOR AND AREAS OF IMPROVEMENT

TMP-EU/EMS-GEN-00014

NON-CONFORMITY, SUBJECT TO MONITOR AND AREA OF IMPROVEMENT LIST

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