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| SNAP-ON INCORPORATED ENVIRONMENTAL, HYGIENE AND SAFETY MANAGEMENT SYSTEM AUDIT PROTOCOL |
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1.0 PURPOSE

This document, using ISO14011 (1996) “Guidelines for Environmental Auditing - Audit Procedures - Auditing of Environmental Management Systems,” establishes the procedure to be followed by Corporate personnel in performing ISO14000 Series Environmental Management System and OHSAS 18000 Series Occupational Health and Safety Management System audits at any Snap-on facility.

1.1 Definitions

A. **Audit Conclusion:** Professional judgment or opinion expressed by an auditor about the subject matter of the audit, based on and limited to reasoning the auditor has applied to audit findings.

B. **Audit Criteria:** Policies, practices, procedures or requirements against which the auditor compares collected evidence about the subject matter.

Note: Criteria may include but are not limited to standards, guidelines, objectives, specified organizational requirements and legislated or regulatory requirements.

C. **Audit Evidence:** Verifiable information, records or statements of fact.

Note: The evidence, which may be qualitative or quantitative, which is used by the auditor to determine whether audit criteria are met.

Note: Evidence is typically based on interviews, examination of documents, observation of activities and conditions, results of measurements, tests or other means within the scope of the audit.

D. **Audit Findings:** Result of the evaluation of the collected audit evidence compared against the agreed audit criteria.

Note: The findings provide the basis for the audit report.

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| Section: 4.5.4 | Revision: J | Issued By: Approval: | Date: 12/28/01 |
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- E. **Audit Team:** Group of auditors, or a single auditor, designated to perform a given audit. The audit team may also include technical experts and auditors in training. One of the auditors on the audit team performs the function of lead auditor.
- F. **Auditee:** Organization to be audited.
- G. **Environmental Auditor:** Individual performing an environmental audit, or part thereof, who meets the qualification criteria specified in ISO14012.
- H. **Client:** Organization commissioning the audit. The client may be the auditee, or any other organization which has the regulatory or contractual right to commission an audit.
- I. **Environmental Aspects:** Components of an organization's activities, products and services which are likely to interact with the environment.
- J. **Environmental Audit:** Systematic, documented verification process of objectively obtaining and evaluating evidence to determine whether specified environmental activities, events, conditions, management systems, or information about these matters conform with audit criteria and communicating the results of this process to the client.
- K. **Environmental Management System:** Organizational structure, responsibilities, practices, procedures, processes and resources for implementing and maintaining environmental management.
- L. **Lead Environmental Auditor:** Auditor leading a specific environmental audit, who meets the qualification criteria specified in ISO14012.

Note: One of the responsibilities of the lead environmental auditor is to supervise all members of the audit team.
- M. **Organization:** Company, corporation, government agency, firm, enterprise, institution or association, or part thereof, whether incorporated or not, public or private, that has its own function(s) and administration

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- N. ***Subject Matter:*** Specified environmental activities, events, conditions, management systems or information about these matters.
- O. ***Technical Expert:*** Individual who provides specific knowledge or expertise to the audit team, but who does not participate as an auditor.
- P. ***Verification:*** Process of authenticating audit evidence.

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2.0 SCOPE

This audit procedure is intended for use in periodic environmental management system audits to be carried out according to a formal schedule reflecting the prioritization scheme as outlined in Section 4.5.4 of the EH&S Manual of Practice.

The audit is designed to determine whether or not the EH&S management system: 1) conforms to planned arrangements for environmental and safety management including the requirements of ISO14000 and OHSAS 18000, and 2) has been properly implemented and maintained. Audit results will be provided to management for their review.

The EH&S management system is given in the Manual of Practice and includes various appendices. Compliance with the Standards of Practice (SEQ's) is an integral part of the system.

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3.0 PROCEDURE

3.1 Eligibility of Auditors

Eligibility is determined by the Audit Management on the basis of education, training, experience and unbiasedness toward the area being audited.

- A. **Lead Auditor:** Must meet the criteria specified in ISO14012 “Guidelines for Environmental Auditing - Qualification Criteria for Environmental Auditors” on the basis of training (formal and/or on-the-job) and/or experience deemed necessary by Audit Management.

- B. **Auditor:** Must meet the criteria specified in ISO14012 “Guidelines for Environmental Auditing - Qualification Criteria for Environmental Auditors” on the basis of training (formal and/or on-the-job) and/or experience deemed necessary by Audit Management.

All auditors should have appropriate formal and/or on-the-job training addressing environmental science and technology; technical and environmental aspects of facility operations; relevant requirements of environmental laws, regulations and related documents; environmental management systems and standards against which audits may be conducted; and audit procedures, processes and techniques. All auditors’ currency of knowledge in these areas must be maintained. Technical knowledge and experience must be commensurate with the scope of the audit activity(ies) in which they are participating. Auditees are strongly encouraged to seek certification through a professional organization.

All auditors are to exercise due professional care in the performance of their duties and adhere to the Snap-on Incorporated Code of Ethics.

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3.2 Initiating the Audit

3.2.1 Audit Scope

The scope of the audit is determined by the Corporate SEQ Group and the lead auditor. The scope describes the extent and boundaries of the audit in terms of factors such as physical location and organizational activities as well as the manner of reporting the audit results. The auditee should normally be consulted when determining the scope of the audit. Any subsequent changes to the audit scope need the agreement between the Corporate SEQ Group and the lead auditor.

The resources committed to the audit should be sufficient to meet its intended scope.

3.2.2 Preliminary Document Review

At the beginning of the audit process, the lead auditor should review the organization's documentation such as environmental policy statements, programs, records or manuals for meeting its EH&S MS requirements. In doing so, use should be made of all appropriate background information on the auditee's organization. Consideration may be given to such documents as listed in the EPA's ELP's Document Review Section. If the documentation is judged to be inadequate to carry out the audit, the Corporate SEQ Group should be informed. Further resources should not be expended until further instructions have been received from the Group.

3.3 Preparing the Audit

3.3.1 Audit Plan

The audit plan should be designed to be flexible in order to permit changes in emphasis based on information gathered during the audit and to permit effective use of resources.

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The plan can include, if applicable and deemed necessary:

- a) The audit objectives and scope,
- b) The audit criteria,
- c) Identification of the auditee's organizational and functional units to be audited,
- d) Identification of the functions and/or individuals within the auditee's organization having significant direct responsibilities regarding the subject matter of the audit,
- e) Identification of high priority aspects of the auditee's EH&S MS or activities,
- f) The procedures for auditing the auditee's EH&S MS's elements as appropriate for the auditee's organization,
- g) The working and reporting languages of the audit,
- h) Identification of reference documents,
- i) The expected time and duration for major audit activities,
- j) The dates and places where the audit is to be conducted,
- k) Identification of audit team members,
- l) The schedule of meetings to be held with the auditee's management,
- m) Confidentiality requirements,
- n) Report format and structure, expected date of issue and distribution of the audit report,
- o) Document retention requirements.

The audit plan should be communicated to all parties.

If the auditee objects to any provisions in the audit plan, such objections should be made known to the lead auditor. They should be resolved between the lead auditor, the auditee and the Corporate SEQ Group before executing the audit. Any revised audit plan should be agreed between the parties concerned before executing the audit.

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3.3.2 Audit Team Assignments

As appropriate, each audit team member should be assigned specific EH&S MS elements, functions, or activities to audit and be instructed on the audit procedure to follow. Such assignments should be made by the lead auditor in consultation with the audit team members concerned. During the audit, the lead auditor may make changes to the work assignments to ensure the optimal achievement of the audit objectives.

3.3.3 Working Documents

The working documents required to facilitate the auditor's investigations may include:

- a) Forms for documenting supporting evidence and audit findings, e.g., Program Documentation and Training Checklist (see Appendix I),
- b) Procedures and checklists used for evaluating EH&S MS elements, including but not limited to the "ISO14000/OHSAS 18000 Audit Program Outline" that appears as Appendix II to this Protocol,
- c) Records of meetings.

Working documents should be filed until audit completion; those involving confidential or proprietary information should be suitably safeguarded by the audit team members.

3.4 Conducting the Audit

3.4.1 Opening Meeting

There should be an opening meeting. As necessary, results can be documented on the Opening Meeting Form (see Appendix I). The purposes of an opening meeting can include:

- a) Introduce the members of the audit team to the auditee's management,
- b) Review the scope, objectives, audit plan and agree on an audit timetable,
- c) Provide a short summary of the methods and procedures to be used to conduct the audit,

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- d) Establish the official communication links between the audit team and the auditee,
- e) Confirm that the resources and facilities needed by the audit team are available,
- f) Confirm the time and date for the closing meeting,
- g) Promote the active participation by the auditee,
- h) Review site safety and emergency procedures for the audit team.

3.4.2 Collecting Audit Evidence

Sufficient evidence should be collected to be able to determine whether the auditee's EH&S MS conforms to the audit criteria.

Evidence should be collected through interviews, examination of documents and observation of activities and conditions. Indications of nonconformity to the EH&S MS audit criteria should be recorded.

Information gathered through interviews should be verified by acquiring supporting information from independent sources, such as observations, records and results of existing measurements. Nonverifiable statements should be recorded as such.

The audit team should examine the basis of relevant sampling programs and the procedures for ensuring effective quality control of sampling and measurement processes used by the auditee as part of its EH&S MS activities.

3.4.3 Audit Findings

The audit team should review all of their audit findings to determine where the EH&S MS does not conform to the EH&S MS audit criteria. The audit team should then ensure that these are documented in a clear, concise manner and supported by evidence.

Findings should be reviewed with the responsible auditee manager with a view to obtaining acknowledgment of all findings of nonconformity.

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3.4.4 Closing Meeting With the Auditee

After completion of the evidence collection phase and prior to preparing the Final Audit Report, the auditors should hold a meeting with the auditee's management and those responsible for the functions audited. The main purpose of this meeting is to present audit findings to the auditee in such a manner as to ensure that they clearly understand and acknowledge the factual basis of the findings. Results can be documented on the Closing Meeting Form if deemed necessary (see Appendix I).

Disagreements should be resolved, if possible, before the lead auditor issues the final report. Final decisions on the significance and description of the findings ultimately rest with the lead auditor.

3.5 Audit Reports and Document Retention

3.5.1 Audit Report Preparation

The audit report is prepared under the direction of the lead auditor, who is responsible for its accuracy and completeness.

3.5.2 Report Content

The audit report should be dated and signed by the lead auditor. The audit report should contain the audit findings or a summary thereof with reference to supporting evidence. The audit report may also include the following:

- a) Identification of the organization audited,
- b) The scope, objectives and plan of the audit,
- c) The agreed criteria including a list of reference documents against which the audit is conducted,
- d) The period covered by the audit and the date(s) the audit was conducted,
- e) The auditee's representatives participating in the audit,

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- f) The audit team members,
- g) A statement of the confidential nature of the contents,
- h) The distribution list for the audit report,
- i) A summary of the audit process including any obstacles encountered,
- j) Audit conclusions such as:
 - EH&S MS conformance to the EH&S MS audit criteria,
 - Whether the system is properly implemented and maintained,
 - Whether the internal review process is able to ensure the continuing suitability and effectiveness of the EH&S MS.

3.5.3 Report Distribution

The final audit report should be sent to all the appropriate parties by the lead auditor. Distribution of the audit report should be determined by the audit plan. Additional distribution of the report outside the organization requires management's permission. Audit reports are the sole property of Snap-on Incorporated and confidentiality should be respected and appropriately safeguarded by the auditors and all report recipients.

The audit report should be issued within the agreed time period in accordance with the audit plan. If this is not possible the reasons for the delay should be formally communicated to all parties and a revised issue date established.

3.5.4 Document Retention

All working documents and draft and final reports pertaining to the audit should be retained by agreement between the Corporate SEQ Group and the lead auditor in accordance with any applicable requirements. Auditors may not disclose any documents without the express permission of the Corporate SEQ Group and the auditee.

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3.5.5 Audit Completion

The audit is completed once all activities within the audit plan have been concluded.

3.5.6 Corrective Action Plan By Auditee

Auditee submits a corrective action plan for each finding. The plan is due within thirty calendar days of the date the final report was issued or on a mutually agreed date. The lead auditor is responsible for obtaining this plan from the auditee and can advance or extend its due date as needed.

3.5.7 Corrective Action Plan Approval

The lead auditor reviews the corrective action plan submitted to ensure that each finding has been adequately addressed and for the assignment of responsibility and estimated completion dates. The lead auditor will only contact the auditee if some further information and/or clarification is required. Otherwise, the response is considered adequate and will be filed with the original audit report.

3.5.8 Follow-up Audit

A follow-up audit will be conducted no later than one year after the original audit was completed. To satisfy SEQ requirements, follow-up activities may have to take place much sooner than this. The lead auditor will keep all parties informed as to the timing of follow-up efforts and when audit findings must be closed. This audit will review the effectiveness of the corrective actions. Any findings that cannot be closed out will require a new corrective action plan or, in the case of an in-process long-term corrective action, a status update.

The lead auditor may involve the Corporate SEQ Group to help resolve any conflicts with the auditee concerning corrective actions taken or to be taken.

3.5.9 Follow-up Audit Report and Completion

An appropriately written follow-up audit report or letter will be prepared and sent to the auditee and other relevant parties. It will be filed with the corresponding original audit report.

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3.5.10 ISO14000/OHSAS 18000 Self-Certification

Snap-on Incorporated will self-certify each audited facility upon that facility's demonstration of compliance with ISO14000/OHSAS 18000 requirements including compliance and/or the active and reasonable pursuit of compliance with all applicable Snap-on requirements as set forth in the Manual of Practice.

Auditees are internally certified after going through an audit cycle consisting of an on-site audit and a follow-up audit on corrective actions taken. Dependent upon the results of these audits, including the auditor's judgement as to the overall EH&S circumstances at the facility, a certification decision is made.

The following guidelines concerning conformance to the Corporate EH&S Standards have been established to assist in the internal certification decision:

- Conformance level, 75% or less – The facility cannot be certified or have their existing certification extended.
- Conformance level, 76% to 85% - The facility is judged to be provisionally conformant. Certification can be granted, but additional specific follow-up will be needed in the short term, usually six months or less.
- Conformance level, 86% and above – The facility is judged to be in substantial conformance and no additional follow-up will be needed other than routine quarterly training follow-ups.

The percentage conformance will be assessed by the auditor(s) involved in the original on-site audit, as well as any follow-up audit, and will largely represent a subjective judgement as noted in second paragraph of this section.

3.6 External Audits

External audits are performed by a qualified registrar to assess facility conformance with the Corporate program's requirements as well as the functioning of the Corporate program itself. External audit findings are, at a minimum, communicated with all internally certified facilities. These facilities are required to respond to the findings as they apply to them. Facility conformance is monitored on an ongoing basis through routine communication, including the quarterly tracking of the fulfillment of training requirements.

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4.0 OTHER THIRD-PARTY OBSERVATION

Given that Snap-on Incorporated uses internal auditors to assess its EH&S MS and facility compliance, an independent third-party observer satisfying EPA ELP auditor qualifications may, at appropriate times, verify that the audits are conducted in accordance with ELP guidelines.

At a minimum, the third-party observer will:

- 1) Review the audit team credentials and audit protocol(s) prior to the audit;
- 2) Attend and observe the opening conference(s) of the compliance/EH&S MS audit(s);
- 3) Attend and observe a representative portion of the on-site compliance and EH&S MS audit activities;
- 4) Attend and observe the closing conference(s) of the compliance/EH&S MS audit(s); and
- 5) Produce a report for submittal to the regulating agencies on the quality of the audits.

(NOTE: This third-party review is not critical to the implementation of these audit procedures of the EH&S management system. Instead it will be pursued only as and when deemed necessary.)

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5.0 NONCONFORMITY RECORD

The following form is the formal Nonconformity Record which lists each audit finding. Applicable Snap-on references are noted.

During a follow-up audit, each finding from the prior audit must be verified for corrective action. Results are documented in an audit report/letter, with details provided on any remaining open items. Findings not corrected, but still valid, will be handled per paragraph 3.5.8 of this protocol.

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NONCONFORMITY RECORDS

Internal Audit Finding: YY-MM-#

Snap-on Reference:

Finding:

Example:

Comment:

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6.0 ISO14000/OHSAS 18000 AUDIT PROGRAM OUTLINE

The ISO14000/OHSAS 18000 Audit Program Outline follows as Appendix II to this Audit Protocol. It summarizes many of the auditable elements of the EH&S management system as detailed in the Snap-on Incorporated Environmental, Hygiene and Safety Management System's Standards of Practice (SEQ's). It may be used as a tool or reference point for conducting an EH&S management system audit. It is not intended to define a total audit. Moreover, its use is not mandatory. It is the responsibility of the lead auditor to conduct a thorough and complete audit.

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REVISION LOG

| Revision Letter | Date | Revision Statement |
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| A | 02/01/96 | Initial issue. |
| B | 02/03/97 | Annual review, including revisions to address newly issued ISO standards and the EPA's Environmental Leadership Program (ELP). Added Appendix I for audit-related forms and documents. Added ISO14000 Audit Program outline as Appendix II. |
| C | 01/01/98 | Annual review, administrative changes only. |
| D | 12/21/98 | Annual review (no changes) |
| E | 12/13/99 | Annual review, minor changes only. Appendix II revised to reflect changes to the EH&S Manual of Practice. |
| F | N/A | Revision letter not used. |
| G | 03/06/00 | Reconciliation with external audit recommendations. |
| H | 05/15/00 | Update after initial audits for certification. |
| I | 01/15/01 | Annual review and revision. Changes were made to reflect the revisions made in the other parts of this Manual of Practice. Also, requirements mandated by the use of an external auditor are noted. |
| J | 12/28/01 | Annual review and revision. Administrative changes relate to the new SEQ Department. Also, Section 3.5.8 was modified relative to the timing of follow-up audit activity. |

APPENDIX 1

Audit Forms and Documents (nonmandatory)

OPENING MEETING

Facility:
Auditor:
Date:

| Agenda Item | Item Addressed | Comments |
|---|----------------|----------|
| Introductions. | | |
| Review scope, objectives, audit plan and audit timetable, including the facility personnel to be interviewed and for visiting specific process areas. | | |
| Review audit methods, procedures and roles of auditors and facility personnel. | | |
| Establish official communication links. | | |
| Confirm resources needed by auditors are available, e.g., workspace, phone. | | |
| Confirm time and date for closing meeting. | | |
| Assess need for daily closeout meetings. | | |
| Review site safety and/or emergency procedures. | | |
| Current major facility processes and key environmental and safety issues. | | |
| Review any changes made or planned to the facility since last audit. | | |
| Verify facility is currently operating under representative conditions. | | |
| Consider any seasonal variations in operations. | | |
| Other. | | |

Note attendees:

CLOSING MEETING

Facility:
Auditor:
Date:

| Agenda Item | Item Addressed | Comments |
|---|----------------|----------|
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| Verify all audit protocol and compliance audit agenda items were appropriately addressed. | | |
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| Present audit findings and ensure auditee understands and acknowledges the factual basis of the findings. | | |
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| Resolve any disagreements. | | |
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| Identify any areas of the facility not assessed. | | |
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| Request any additional information needed. | | |
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| Solicit feedback from auditee on the audit process and the auditors' performance. | | |
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| Confirm the details of when to expect the audit report, the holding of the wrap-up meeting to discuss the report, and the auditee actions that will subsequently be required. | | |
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| | | |
| Other. | | |

Note attendees:

