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#### TABLE OF CONTENTS

Identification of Impacts	
Significance Analysis	<u>,0</u>
Analysis Scoring by Element	<u></u>
Employee Health & Safety	<u> </u>
Environment	NO NO
Property	
Resources	<u> </u>
Products	
Significance Ranking Cut-off	
cords 3. Hozard Analysis	
ion on specialities	
	Significance Analysis Analysis Scoring by Element Employee Health & Safety Environment Property Resources Products Significance Ranking Cut-off Significance Ranking Cut-off 3: Hazard Analysis mentation Tips

Your Company Name	REV	CAGE	DOC#:	2 of 2
1 2				Your Procedure #

#### 1.0 Background

Operation Analysis and Identification of Products, Activities and Services (PAS)

The organization shall establish and maintain (a) procedure(s) to identify the Hazard Analysis of its products, activities or services that it can control and over which it can be expected to have an influence to determine those which have or can have significant impact on employees, the environment, property, resources and products. The organization shall ensure that the Hazard Analysis related to these significant impacts are considered in setting its objectives. The organization shall keep this information up-to-date.

#### 2.0 Requirements

The identification of the organization's Hazard Analysis is a key element of the EHS System as these determine those issues and areas that should be the primary focus for monitoring, control and improvement. Each functional area's products, activities and services (PAS) will be evaluated and scored according to their impact on EHS elements. An impact can be defined as an effect between each functional area's PAS on any one of the following EHS elements: employee health and safety, environment, property, resources and products. If the PAS impact scores above the significance level, that PAS will be deemed a hazard for that impact. Hazard Analysis includes activities under the site's control and influence and include a broader spectrum of issues including employee health and safety, depletion of natural resources, energy and water use, product-related issues and issues associated with suppliers, contractors and vendors.

#### 3.0 Scope

This procedure applies to the Hazard Analysis of the products, activities and services that can be controlled or influenced relative to manufacturing and support operations.

#### 4.0 Objective

The purpose of this procedure is to evaluate each functional area's PAS according to the EHS elements of employee health and safety, environment, property, resources and products at a site. Procedures must be established to determine the significance cut off level.

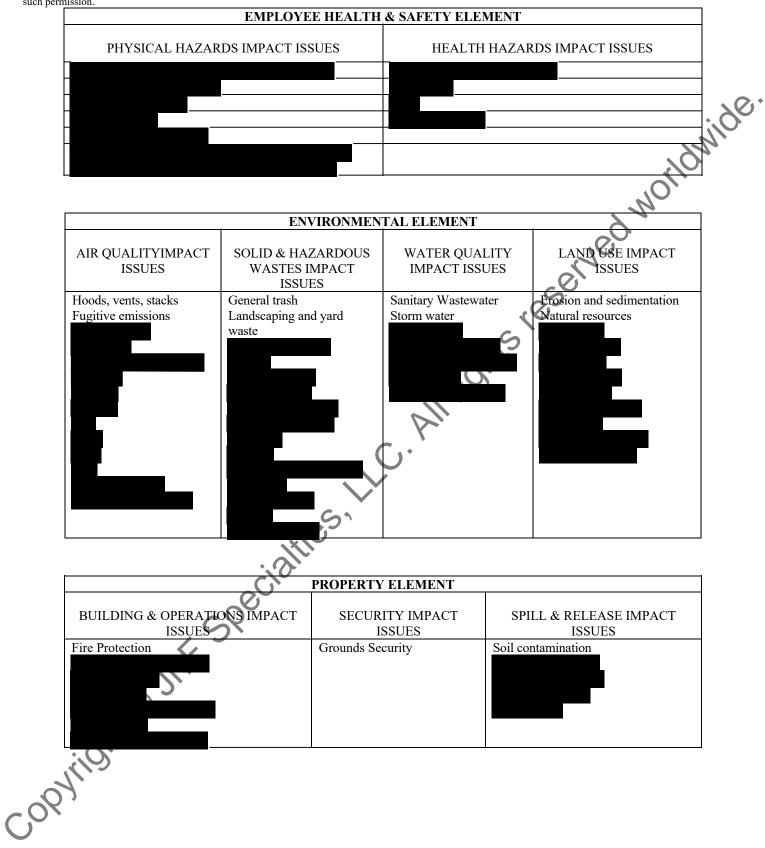
#### 4.1 Identification of Impacts

Once the Hazard Analysis review can has successfully identified all of the site's functional areas and their associated PAS, the team will identify the impacts for each PAS. The team will complete a separate worksheet for each product, activity and service within a given functional area. The worksheet follows the impact categories which relate the EHS elements:



In the following tables, a guidance list of potential "issues" for each EHS element impact is provided to ensure a full evaluation of all potential impacts. The team should consider all of the following in identifying the potential impacts:

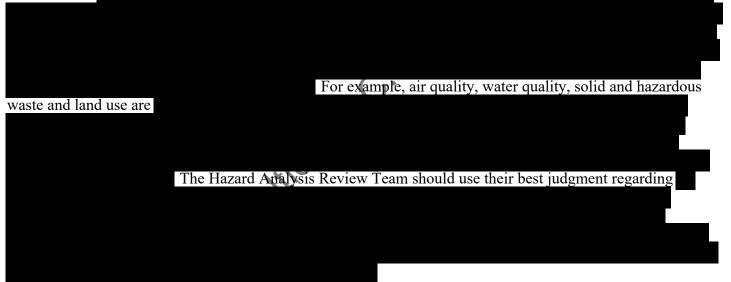
Your Company Name	REV	CAGE	DOC#:	3 of 3
1 2				Your Procedure #



Your Company Name	REV	CAGE	DOC#:		4 of 4
1 2				Your Procedure #	

	RESOURC	E IMPACTS		
CONSUMPTION ISSUES			SCRAP ISSUES	
Natural resource depletion		Recycle ability		ide
	PRODUCT	Г ІМРАСТЅ		
PRODUCT END USE ISSUES	PRODU	CT CONTENT SSUES	PROCDUCT PACKAGING ISSUES	
Consumer end use	Toxicity		Packaging Materials	

This process requires consideration of the impacts of the EHS elements for each PAS. Worksheet QC-118-1 herein should



### 4.2 Significance Analysis

After the PAS impacts have been identified for each of the EHS elements (*employee health and safety, the environment, property, resources and products*) the significance ranking process is the next step to be completed using the same Hazard Analysis Worksheet. This is a six-step procedure that will evaluate and score each impact according to the following criteria: frequency, severity, scale, legal/regulatory, degree of control and stakeholder concerns. Section 4.3 has a brief description on how to score the aforementioned criteria based on the EHS element being evaluated.

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	4.2.2	

Your Company Name	REV	CAGE	DOC#:	5 of 5
1 0				Your Procedure #

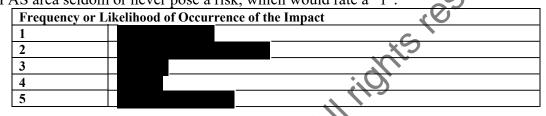
#### 4.3 Analysis Scoring by Element

The Hazard Analysis Review Team, in consultation with other facility personnel as appropriate, will

#### 4.4 Employee Health & Safety

4.4.1 **Frequency or likelihood of occurrence of the impact** – defined as the possibility of occurrence of safety related employee accidents or incidents or the frequency of employee accidents occurring in this PAS compared to the facility as a whole. Another point of view for this evaluation would be

tasks in the PAS area seldom or never pose a risk, which would rate a "5" in situations where the job



4.4.2 Severity of the impact – defined as the actual or potential safety risks or seriousness of an employee accident that may or has occurred in this PAS. This may require reviewing the accident logs to determine if accidents in this area required minor first aid or has a history of loss time accidents.

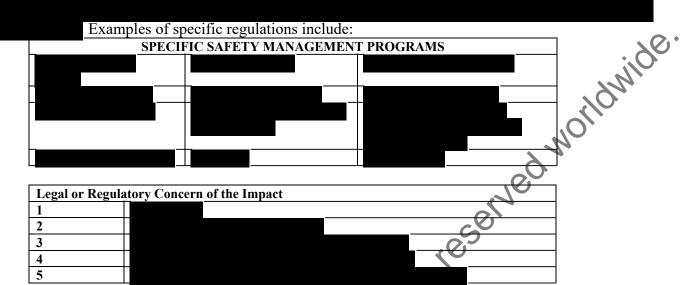


4.4.3 Scale of use of the impact – defined as the actual or potential scale (e.g., size, volume, magnitude) of the resulting employee safety impact. This should be evaluated as to the number of employees that work in the PAS compared to the facility. Obviously, the more employees that work in any given PAS will

	Scale of Use of	the Impact	
	1		
0	2		
~ OX	3		
()	4		
$\mathbf{\mathbf{v}}$	5		

Your Company Name	REV	CAGE	DOC#:	6 of 6
1 2				Your Procedure #

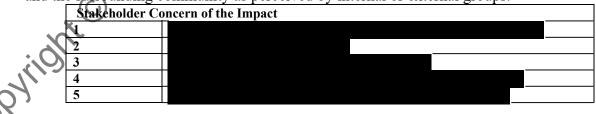
4.4.4 **Legal or regulatory concern** – defined as regulatory exposure of employee safety as related to applicable federal, state, and local laws. If the PAS is subject to general safety regulations, the rating would be a "2". If the area were subject specific regulations such as



4.4.5 **Degree of control or influence of the impact**– defined as the level of control that the site has over employee health and safety. The thought process for this evaluation involves whether the facility puts forth effort to control the safety risk and how effective are these controls in preventing accidents, not just complying with a regulation. For instance,

Degree	of Control or Influe	nce of the Impact		
1				
2				
3				
4	C			
5				

4.4.6 **Stakeholder concern of the impact** – defined as the actual or potential risk of the PAS to its employees and the surrounding community as perceived by internal or external groups.



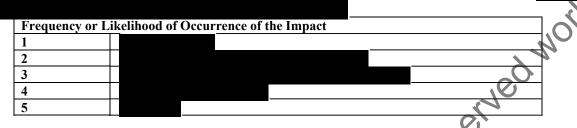
The Hazard Analysis Review Team ranks the significance of each employee safety impact for each PAS according to the above criteria and scoring system using the Worksheet provided with this procedure. The total

Your Company Name	REV	CAGE	DOC#:	7 of 7
1 5				Your Procedure #

significance ranking for each PAS is derived from

#### 4.5 Environment

4.5.1 **Frequency or likelihood of occurrence of the impact** – defined as the possibility of occurrence of the environmental impact, the number of times the impact occurs and/or the duration of each occurrence. All impacts should be evaluated from a time viewpoint for usage and production. For the environmental areas of air quality, water quality and solid/hazardous waste, this evaluation is based on



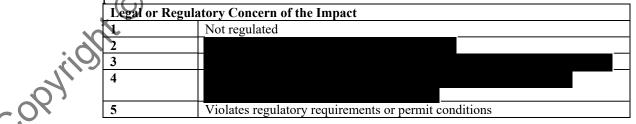
Severity of the impact – defined as the actual or potential severity of the resulting environmental impact (e.g., toxicity, duration of impact, ability to migrate and cleanup, etc.) in terms of its damage to the environment (air, water, land, soil and groundwater).



4.5.2 Scale of use of the impact – defined as the actual or potential scale (e.g., size, volume, magnitude) of the resulting environmental impact.

Scale of Use of the Impact			
1	Inconsequential use or discharge		
2			
3			
4			
5	C		

4.5.3 Legal or regulatory concern of the impact – defined as regulatory exposure of the PAS related to applicable federal, state, and local environmental laws (including regulations, permit conditions) as well as Corporate or "other" standards.



4.5.4 **Degree of control or influence of the impact** – defined as the level of control that the site has over the environmental aspect. In general, environmental aspects generated from site activities are considered

Your Company Name	REV	CAGE	DOC#:	8 of 8
1				Your Procedure #

under the control of the site, and environmental aspects related to suppliers, contractors, vendors, customers, etc. are considered under the site's influence. The thought process for this evaluation involves

olves		
		20
Degree o	of Control or Influence of the Impact	
1	Little or no ability to influence	· A.
2		
3		
4		
5	Completely within the site's control	
	· · · ·	

4.5.5 Stakeholder concern of the impact – defined as the actual or potential severity of the environmental impact as perceived by internal or external groups.

Stakehold	er Concern of the Impact	
1		
2	Minor concern, nuisance potential	< V
3		
4		X
5	Serious concern, reputation at stake	

The Review Team ranks the significance of each environmental impact in each PAS according to

#### 4.6 Property

4.6.1 **Frequency or likelihood of occurrence of the impact** – defined as the possibility of occurrence of property related or loss control concerns regarding building and operations, security and releases. All impacts should be evaluated from a time viewpoint as to whether loss control is routine for the PAS such as

Free	uency or Likelihood of Occurrence of the Impac	t
1	Once in a lifetime	
2		
3		
4		
5	Continuous	

4.6.2 Severity of the impact – defined as the actual or potential severity of the resulting in loss (e.g.,

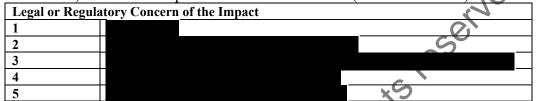
).		
Y.	Severity of the l	mpact
:.0)	1	No adverse property impact
	2	
-07.	3	
C OX	4	
0	5	High property impact – results in

Your Company Name	REV	CAGE	DOC#:	9 of 9
1 2				Your Procedure #

4.6.3 Scale of use of the impact – defined as the actual or potential scale (e.g., size, volume, magnitude) of the financial loss in the PAS due to property damage. Designate a PAS that would have the biggest impact if that operation were lost due to man made or natural disaster as a "5" and lowest as a "1". Extrapolate for other PAS from 1 to 5 accordingly.

Scale of U	Use of the Impact	
1	Inconsequential use	
2		
3		
4		
5	High scale use	

4.6.4 Legal or regulatory concern of the impact – defined as regulatory exposure from a property standpoint of the PAS, as related to applicable federal, state, and local laws (including regulations, permit conditions) as well as Corporate or "other" standards (insurance carrier).

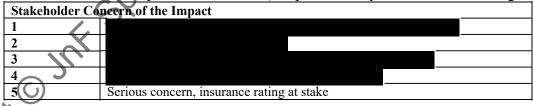


4.6.5 **Degree of control or influence of the impact** – defined as the level of control that the site has over the PAS. In general, site activities are considered

#### For instance,

Degree of Cor	trol or Influence of the Impact
1	Little or no ability to influence
2	
3	
4	
5	Completely within the site's control

4.6.6 **Stakeholder concern of the impact** – defined as the actual or potential severity of the resulting impact in terms of loss control (lost production or sales) as perceived by internal or external groups.



The Hazard Analysis Review Team ranks the significance of each property impact in each PAS according to



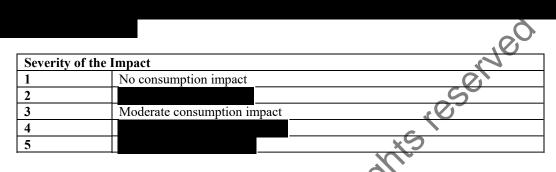
#### Resources

**4.7.1** Frequency or likelihood of occurrence of the impact – defined as the frequency that raw materials are consumed or scrap is produced in this PAS.

Your Company Name	REV	CAGE	DOC#:	10 of 10
1 2				Your Procedure #

Frequency or Likelihood of Occurrence of the Impact			
1			
2	Irregularly or unpredictable - annually or more		
3			
4			
5			

4.7.2 Severity of the impact – defined as the actual or potential severity of the raw material consumption or scrap generation. Under normal conditions, the team will evaluate the severity of raw materials depletion compared to the total availability of the resource as a whole. Scrap would be viewed as



4.7.3 Scale of use of the impact –defined as the actual or potential scale (e.g., size, volume, magnitude) of the PAS relating to raw material consumption or scrap generation. Designate a PAS in the facility that is highest raw material consumer or scrap generator as a "5" and extrapolate accordingly for the remaining PAS.

Scale of Use of the	he Impact
1	
2	
3	
4	Si
5	

4.7.4 Legal or regulatory concern - defined as regulatory exposure of the PAS as it relates to consumption of raw materials applicable to federal, state, and local laws (including regulations, permit conditions) as well as Corporate or "other" standards. For example,

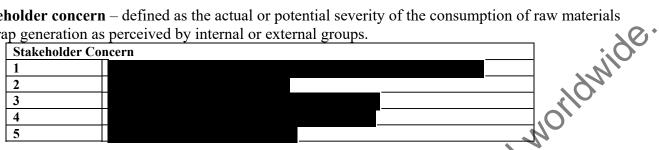
	Legal or Regula	tory Concern	
	1	Not regulated	
	2		
	3	Subject to moderate regulatory requirements – e.g., recordkeeping, reporting	
	40		
-	K.		
	5		
Ċ	•		

4.7.5 **Degree of control or influence** – defined as the level of control that the site has over raw material consumption or scrap generation. For raw materials, evaluate whether the facility has any influence over

∟ `ر	Degree of Co	ontrol or Influence					
	1	Little or no ability to i	nfluence				
	2						
			-	-			
	Your Compa	anv Name	REV	CAGE	DOC#:		11 of 11
	1	5				Your Procedu	ure #



#### 4.7.6 Stakeholder concern – defined as the actual or potential severity of the consumption of raw materials or scrap generation as perceived by internal or external groups.



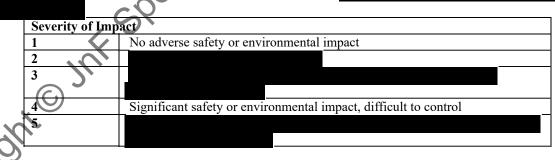
The Hazard Analysis Review Team ranks the significance of each resource impact in each PAS according to the above criteria and scoring system using the Worksheet provided with this procedure. The total significance ranking for each PAS is derived from

#### 4.8 **Products**

Frequency or likelihood of occurrence – defined as the frequency that a final product is produced in 4.8.1 this PAS.

Frequency or Likelihood of Occurrence of the Impact								
1								
2								
3								
4	High frequency – e.g., daily							
5								

4.8.2 Severity of impact – defined as the actual or potential severity of the accident rate or environmental impact (e.g., toxicity, disposal, duration of impact, ability to migrate and cleanup, etc.) in terms of its impact to consumer safety (physical or chemical hazards) or the environment (air, water, land, soil, and groundwater) from the final product itself. Evaluate whether the end user will have concerns with use, disposal, storage, etc. of the product. Similarly under abnormal conditions, could employee safety and the environment be potentially impacted in the event of

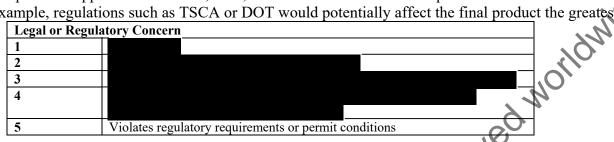


Scale of use or impact – defined as the actual or potential scale (e.g., size, volume, magnitude) of the PAS relating to production. Designate a PAS in the facility that is highest producer of final products as a "5" and extrapolate accordingly for the remaining PAS.

	Scale of Use or	Impact					
	1						
	2						
V	our Company	Name	REV		CAGE	DOC#:	
Y	our Company	v Name	REV	(	CAGE	DOC#:	

3		
4		
5	High scale production	

# 4.8.3 Legal or regulatory concern – defined as regulatory exposure of the PAS as it relates to the production of final products applicable to federal, state, and local laws as well as Corporate or "other" standards. For example, regulations such as TSCA or DOT would potentially affect the final product the greatest



## 4.8.4 **Degree of control or influence** – defined as the level of control that the site has over the final product's safety and recycle ability for the end user. For products, evaluate

Degree of	f Control or Influence	
1		× S
2		
3		
4		
5	Completely within the	site's control

# 4.8.5 **Stakeholder concern** – defined as the actual or potential severity of the final product, in terms of its potential to impact worker safety or damage to the environment (e.g., toxicity, duration of impact, ability to migrate or cleanup, etc.) by the end user, as perceived by internal or external groups including Customers.



The Hazard Analysis Review Team ranks the significance of each product impact in each PAS according to the above criteria and scoring system using the Worksheet provided with this procedure. The total significance ranking for each PAS is derived from

### 4.9 Significance Ranking Cut-off

4.9.1 The Hazard Analysis Review Team, in consultation with the site management, will establish a separate significance ranking cut-off level for each individual EHS element. PAS with total significance rankings at or above the cut-off level for each individual element will be considered a "Significant Operation".



A significant operation will have three parts to its name as follows:

Functional Area/Specific PAS/Impact

Your Company Name	REV	CAGE	DOC#:	13 of 13
1 5				Your Procedure #

4.9.4 If this was the only impact for this specific PAS that scored above the significance cut-off level after valuating all of the EHS elements, then the facility would

NOT

V

- 4.9.5 The list of Hazard Analysis is used to assist in the selection of objectives and targets
- 4.9.6 The cut-off level for each EHS element is re-evaluated by the EHS on an annual basis, at a minimum. As the site works to improve its performance relating to EHS (i.e., reduce the element impacts of its Hazard Analysis), it is anticipated that
- 4.9.7 The EHS is responsible for keeping the list of PAS up-to-date on an annual basis, at a minimum. Additionally, the EHS
- 4.9.8 It is anticipated that in time, as the site makes improvements through achieving its objectives and targets, many of the initially designated Hazard Analysis will be re-assessed at a lower ranking. Similarly, other PAS that were ranked as less significant will move up in priority as the significance cut-off levels are lowered. It is through this process that the site will

#### 5.0 Records

The following records will be generated as a result of this procedure:

•

All records associated with this procedure are maintained.

Your Company Name	REV	CAGE	DOC#:	14 of 14
1 2			Your Procedure #	

#### Figure 3: Hazard Analysis

			-					
Date:								
Functional Area:								
		Norm	al Pro	ducts.	Activitie	s and S	ervices	.0
								7/2
EMPLOYEE SAFETY								
Physical Hazards:								
Health Hazards:				1		1		, <i>N</i>
ENVIRONMENTAL	I	I	1	1	1	1	1	<u>À</u>
								,0,
								~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~
								0
PROPERTY								.0,5
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DESOUDOE			1			•		
RESOURCE	I						$\sim$	
							* -	
PRODUCT			1	1	7			
		1	1	1			İ	
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		Non-nori	nal Pr	oducts	Activit	ties and	Service	5
				<u>^ (</u>				
EMPLOYEE SAFETY								
Physical Hazards:								
Health Hazards:		<u> </u>						
ENVIRONMENTAL		0	-	1		1		
	CN							
	5							
PROPERTY			1					
PROPERTY								
X								
RESOURCES					1		1	
PRODUCT	 		-	1	1	1	1	
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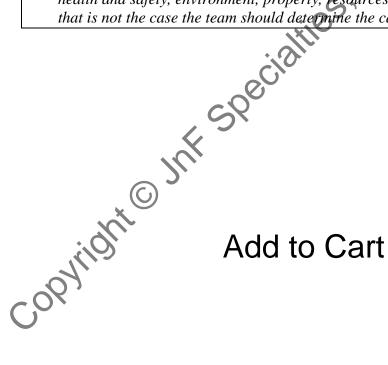
Your Company Name	REV	CAGE	DOC#:	15 of 15
				Your Procedure #

## LIST OF HAZARDS

Your Company Name REV CAGE DOC%: 16 916				
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	opyright on the spec			

#### Implementation Tips

- The identification of Hazards is a critical element of the EHS System. The PAS' impacts identified as "significant" are subject to further requirements within the EHS System, including consideration during the establishment of objectives and targets, the development of documented operational control procedures, monitoring and measurement and employee awareness and training.
- The initial significance cut-off for each EHS element should be established at a reasonable level that will result in a manageable number of Hazard Analyses. It is better to have a manageable number of Hazard Analyses fully under control than to have a greater number of PAS impacts that have not been fully ued-in to the requirements of the EHS System.
- The site's Hazard Analysis must be considered when setting objectives and targets.
- Try to achieve a consensus decision when establishing significance rankings. Other site staff may need to be consulted to fully understand the potential for impacts in some areas. It is helpful to use the same Hazard Analysis review team for the significance ranking process to help ensure consistency in assigning ranking scores for the various criteria.
- To ease in implementation of the initial EHS System, indirect PAS (i.e., those under influence and not full control of the site such as suppliers or contractors) may be addressed through the operational control procedures for suppliers. PAS related to suppliers and other operations over which the site does not have full control are not typically designated as "significant" during the early stages of the EHS System.
- Take special care to ensure that the delineation of Hazard Analysis can be defended. Although the establishment of the cut-off level may seem somewhat arbitrary, make sure that the mechanism for making that determination is clear, well documented and produces results that are sensible. As an example, if a company did not identify that a bulk raw storage material tank without secondary containment and located near a storm water drain is a PAS, let alone a significant one, this might not be acceptable.
- Once all of the worksheets have been scored, it will not be unusual to see functional areas with different PAS with a variety of impacts that scored above the significance cut off. The team should observe that the products, activities and services having the most impact on employee health and safety, environment, property, resources and products should obviously score the highest if that is not the case the team should determine the cause.



Your Company Name	REV	CAGE	DOC#:	17 of 17
1 2			Your Procedure #	