

Certificate Renewal

Report for:

MACSTEEL

LRQA reference:	UQA 4000030/ 0105
Assessment dates:	14-16 April 2008
Assessment location:	Fort Smith, AR
Assessment criteria:	ISO 14001:2004
Assessment team:	Jeff Lorrain Will Wade
LRQA office:	Houston



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Attachments

None

This report was presented to and accepted by:	
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Name:	W. Taff
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Job title:	Senior Project Engineer - Environmental
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1. Executive report

Assessment outcome:

The EMS at MacSteel has been adequately maintained and improved. Therefore, recertification to ISO 14001: 2004 is recommended.

This assessment identified two minor nonconformances in the areas of EHS evaluation of new material and inspection of hazardous waste accumulation area.

System effectiveness and continual improvement:

The EMS at MacSteel is effective in supporting the environmental policy commitments. The internal EMS audit program is effective in identifying opportunities for improvement of the system. The corrective and preventive action process is effective and very widely used to ensure identified opportunities for improvement are realized.

Improvement of environmental performance has been demonstrated through the setting and meeting targets for conservation of energy.

Areas for management attention:

Management may want to focus attention on:

- Inspections of the K061 waste accumulation area; and
- EHS review of new materials



2. Assessment summary

Introduction:

MacSteel produces steel bars from steel scrap using electric arc furnace and ladle refining processes.
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This report documents the activities,, findings and conclusions of the first triennial recertification audit of the EMS.
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Assessor: Jeff Lorrain

Assessment of: General Requirements and Policy	Auditee(s): R. Kalinowsky W. Taff
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Audit trails and sources of evidence:
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EMS manual Environmental Policy

Evaluation and conclusions:

MacSteel has a documented environmental policy that includes commitments to compliance, waste minimization and continuous improvement. The policy is communicated to employees through coffee cups, training and postings. The policy is made available to the public in the public lobby and upon request. The policy is communicated to people working on behalf of MacSteel through training and site EHS orientation for visitors.
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Assessment of:	EMS Planning	Auditee(s):	R. Kalinowsky W. Taff
Audit trails and sources of evidence:			
. Level II procedures for the following elements: <ul style="list-style-type: none">• Environmental Aspects / Impacts;• Legal and Other Requirements: and• Environmental Objectives, Targets and Environmental Management Programs Implementation records for the EMS Planning elements.			
Evaluation and conclusions:			
MacSteel's parent company Quanex is in last stage negotiations for a merger with Gerdau. The merger will make MacSteel a sister company			
Process changes include the replacement of vacuum degasification unit with a tank degasification unit.			
Environmental aspects have been reviewed in December 2007 as required by MacSteel procedures.			
MacSteel has documented applicable legal and other requirements that include federal and state regulations and permits as well as corporate requirements. The identified requirements are reviewed / revised annually as part of evaluation of compliance with legal and other requirements.			
MacSteel has documented environmental objectives, targets and EMPs. The Objectives are appropriate for the nature and scale of the operation. Among the objectives are to reduce the auxillary electric, gas and diesel consumption. Energy used in the melt furnace is not addressed by the Objectives. MacSteel may want to include the primary energy in its objectives in preparation of likely future requirements.			

Assessment of:	EMS Implementation	Auditee(s):	R. Kalinowsky W. Taff
Audit trails and sources of evidence:			
Level II Procedure, implementation records and observations / interviews in operating areas for the following elements: <ul style="list-style-type: none">• Environmental Training• Document Control			
Evaluation and conclusions:			
Planned environmental training and training records were reviewed for selected employees. Training plans appropriately included both regulatory required training and EMS awareness training. Records adequately demonstrated that training has been conducted as planned.			
MacSteel operates a document control process that that effectively keeps the latest revisions of documents available in locations where they are needed.			



Assessment of:	EMS Checking & Corrective Action, Management Review	Auditee(s):	R. Kalinowsky W. Taff
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Audit trails and sources of evidence:

Level II procedures and implementation records for the following elements:

- Internal EMS Audits
- Monitoring and Measurements
- Calibration
- Evaluation of compliance with legal and other requirements
- Nonconformance checking & Corrective Action
- Records, management
- Management Review

Evaluation and conclusions:

MacSteel Procedure EP-4.5.4-01 requires the development of a documented Internal audit procedure “as needed”. MacSteel has developed a documented schedule of Internal EMS audits planned through first quarter 2008 as required by the Procedure. However, the schedule has not been developed for the last three quarters of 2008. MacSteel may want to revise its Internal Audit Procedure to include a due date for the development of the Internal Audit Schedule.

Reviewed audit records demonstrate that Internal EMS Audits have been conducted in general conformance to the documented schedules. Records demonstrate that the scope of the Internal EMS audits is appropriate. The audits have identified opportunities for improvement.

Evaluations of compliance with legal and other requirements were conducted as part of the March 2008 internal audit. The evaluation identified opportunities for improvement and was effective.

MacSteel maintains an ECF and a CAR log as required by Procedure EP-4.5.2-01. MacSteel has initiated managed and closed ECFs and CARs pursuant to internal inspections, internal audits and NOVs. CARs include documentation of root cause investigations.

The MacSteel Procedure for Management review addresses the requirements of ISO 14001:1996 rather than the more specific requirements of ISO 14001:2004. MacSteel may want to revise its Management Review Procedure to reflect the requirements of ISO 14001:2004 rather than ISO 14001:1996.

A management review was conducted on 6 March 2008. Management Review records demonstrated that each of the topics required by ISO 14001: 2004 was addressed.

MacSteel has identified a list of Key Process Indicators (KPIs) for its business. KPIs appropriately include several environmental indicators (e.g., energy consumption). Records demonstrated that KPIs are regularly quantified and communicated to top management.

With few exceptions noted elsewhere in this report, MacSteel has identified environmental records. Records were readily retrievable and legible.



Assessment of:	Operations	Auditee(s):	Manu Acton Randy Drum Hector Manzano Oscar Rivera Skippy Jim Wroten Robert Gillet
Audit trails and sources of evidence:			
The following areas were toured: <ul style="list-style-type: none">• Melting• Ladle Refining• Vacuum Degassing• Caster• Scale-house (receiving) A sampling of employees was interviewed. Selected control plans / procedures and implementation records were reviewed.			
Evaluation and conclusions:			
The operations areas were well maintained. There was evidence of proper use of waste and recycling containers. The interviewed employees demonstrated knowledge of the environmental aspects of their jobs, requirements of the EMS, emergency procedures, work instructions and the environmental policy. Environmental aspects for the activities conducted in the areas have been identified and documented. Work instructions (procedures) adequately addressed activities associated with the significant environmental aspects;			



Assessment of:	Maintenance Utilities and Storeroom	Auditee(s):	Ralph Shephard Danie Humphrey Jason Stewart
Audit trails and sources of evidence:			
AS 400 records of preventive maintenance tasks for Utilities equipment Tour of Storeroom and maintenance shops. Selected employees were interviewed.			
Evaluation and conclusions:			
Preventive maintenance procedures for environmental control equipment and accessories (e.g., pumps, baghouses) are maintained on the AS 400 maintenance database. Reviewed maintenance records demonstrated that PM was performed substantially as planned. Maintenance shop areas were well maintained. There was ample evidence of proper use of waste and recycling containers. The interviewed employees demonstrated knowledge of the environmental aspects of their jobs, requirements of the EMS, emergency procedures, work instructions and the environmental policy. The storeroom was very well organized and maintained. Hazardous materials were properly stored with one exception. An electrical contact cleaner containing trichloroethylene was observed in an area otherwise occupied by common janitorial cleaners. Storeroom personnel reported that that the electrical contact cleaner was used for several purposes (including degreasing) in several areas of the plant. MacSteel should identify the environmental aspects of use and disposal of chlorinated solvents on its list of environmental aspects, determine the significance of potential impacts of those aspects and manage appropriately or eliminate the use and disposal of the chlorinated solvent.			

Assessment of:	Air Management	Auditee(s):	W. Taff
Audit trails and sources of evidence:			
Review of air permit # 693-AOP-R8 Selected air compliance records including: <ul style="list-style-type: none">• Quarterly CEMS calibration gas audit reports• Semi-annual reports• Annual Compliance certification letter with exceptions Observations of fugitive dust control activities			
Evaluation and conclusions:			
MacSteel operates under a Title V air operating permit that expires in August 2008. Reviewed records demonstrate that the facility has operated in substantial compliance with its permit requirements.			



Assessment of:	Waste Management	Auditee(s):	W. Taff
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Audit trails and sources of evidence:

The hazardous waste accumulation areas were toured.
 Selected Waste management documents / records including:

- Selected manifests
- Trans-frontier (Mexico) shipment documentation
- Annual report to EPA of trans-frontier shipments
- Daily and weekly inspection forms and records
- Arkansas Annual Hazardous Waste report

Evaluation and conclusions:

Documentation of hazardous waste disposal was outstanding. Documentation and reporting of the export of hazardous waste to Mexico for recovery of Zinc was exemplary. However, evidence that the daily inspections of the hazardous waste silo for baghouse #1 were not consistently effective was observed. MacSteel must ensure that the silo and associated piping does not leak dust.

Assessor:	Will Wade
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Assessment of:	Plant Engineering, Management-of-Change, Contractor Management, Purchasing, Communications, Use of Logos	Auditee(s):	R. Stinchcolm, W. Taff, M. Weeks
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Audit trails and sources of evidence:

EMS Procedures

Evaluation and conclusions:

Engineering review of projects is summarized in EP-4.3.4-01. Due to lack of capital allocations and pending sale of the facility, Macsteel has not implemented any projects that required EMS-related reviews in 2007. Records of these reviews for 2005/2006 were available. Records were available to demonstrate that the review and approval of new chemicals conforms to EMS requirements.

EP-4.3.4-01 describes chemical and project reviews. However, neither EF— 037-06 – Project Review nor EF-003-05 – New Product Environmental and Safety Approval are specifically cited therein. Both are identified as EMS records and EMS documents.

RC – 0804WW01 : Macsteel needs to revise EP-4.3.4-01 to specifically cite EF-037-06 and EF-003-05

Records of contractor training and acknowledgement signoffs were available.

Training, evidence of licenses and Purchasing requirements were found consistent with the EMS.

Records of external communication consist of documentation of ADEQ and local agency inspections. Evidence of internal communications was reviewed, including the facility intranet, various emails.



Assessment of:	Finishing 1,2,3, Yard, Security, Emergency Preparedness & Response	Auditee(s):	W. Barham, W. Taylor, J. Lawler, J. Hancock, L. Morris, B. Bennett
Audit trails and sources of evidence:			
EMS Procedures, SWP3, SPCC, TOMP			
Evaluation and conclusions:			
<p>Awareness of the policy goals was well understood. Knowledge of local aspects, operational control, waste management and Macsteel's environmental performance was well demonstrated.</p> <p>A current approved contractor list is posted. EMS communication to visitors and external parties was explained.</p> <p>The SPCC, SWP3 and EP-4.4.7 were reviewed. The SWP3 –North and SWP3 – South are dated 10/09/07. The SPCC is dated 05/10/06. Inspection records identified in these plans were available. Except for the "Annual Site Compliance Evaluation [Appendix D]", these records are listed on the EMS Records List.</p> <p>RC – 0804WW02 : Macsteel needs to add the "Annual Site Compliance Evaluation [Appendix D]" to its EMS Records List.</p> <p>Spill reports were reviewed and found to conform to requirements.</p>			

Assessment of:	LRQA Audit Notes	Auditee(s):	
Audit trails and sources of evidence:			
<p>Opening and closing meetings were held with management.</p> <p>Principals of Business Assurance and Themed Surveillance Audits were discussed with the client. The client expressed a desire to forgo Themed surveillance for the near future.</p> <p>Day one: 8:30 AM – 5:00 PM Day two: 8:30 AM – 5:00 PM Day three: 8:00 AM – 4:30 PM</p>			
Evaluation and conclusions:			



3. Assessment Findings Log - ISO 14001:2004

Grade 1	Status 2	Finding 3	Corrective action review 4	Process / aspect 5	Date 6	Reference 7	Clause 8
Minor NC	New	MacSteel should identify the environmental aspects of use and disposal of chlorinated solvents on its list of environmental aspects, determine the significance of potential impacts of those aspects and manage appropriately or eliminate the use and disposal of the chlorinated solvent.		Maintenance and Storeroom	16 Apr 08	0804JML01	4.4.6
Minor NC	New	Evidence that the daily inspections of the hazardous waste silo for baghouse #1 were not consistently effective was observed. MacSteel must ensure that the silo and associated piping does not leak dust.		Waste Management	16 Apr 08	0804JML02	4.4.6
SFI	New	MacSteel may want to revise its Internal Audit Procedure to include a due date for the development of the Internal Audit Schedule.		EMS Checking & Corrective Action	14 Apr 08	0804JML03	4.5.4
SFI	New	MacSteel may want to include the primary energy in its objectives in preparation of likely future requirements		EMS Planning	14 Apr 08	0804JML04	4.3.3
RC	New	Macsteel needs to add the "Annual Site Compliance Evaluation [Appendix D]" to its EMS Records List.		Control of Records	15 Apr 08	0804WW02	4.5.4
RC	New	Macsteel needs to revise EP-4.3.4-01 to specifically cite EF-037-06 and EF-003-05		EMS Documentation	15 Apr 08	0804WW01	4.4.4 b

1. Grading of the finding *	2. New, Open, Closed	3. Description of the LRQA finding	4. Review by LRQA	5. Process, aspect, department or theme
6. Date of the finding	7. YYMM<Initials>seq.#	8. Clause of the applicable standard		
* Major NC = Major nonconformity	Minor NC = Minor nonconformity	RC = Requires correction	SFI = Scope for improvement	xLRQA = Issue for follow-up by LRQA at next visit



4. Assessment schedule

Management system elements to be assessed at each visit: <ul style="list-style-type: none"> • Management review • Management of change • Continual improvement • Internal audit 	<ul style="list-style-type: none"> • Corrective action • Preventive action and system planning • Use of LRQA logo and other marks 	Scheme specific elements: <ul style="list-style-type: none"> • Aspects, O/Ts • Legal compliance • Communications • Prevention of pollution
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Visit type >	Stage 1	Stage 2	SV1		SV2		SV3	Certificate renewal
Due date >			Oct 2008		Oct 2009		Oct 2010	Apr 2011
Start date >								
End date >								
Assessor days >			3		2		3	
Process / aspect <i>Final selection will be determined after review of management elements and actual performance</i>								
Training			PM 1					
Scrap Yard								
Melting Operations								
Finishing 1 & 2			AM 3					
Finishing 3			AM 3					
Emergency Preparedness								
Waste Management			AM 2					
Utilities			PM 2					
Air Emissions								
Water Discharges								
Compliance Evaluation								
Maintenance								
Security								
Contractors								

Next visit details

Visit type	Routine Surveillance				
Assessor days	3	Due date	Oct 2008	Actual start / end dates	TBD
Locations	Fort Smith, AR				
Activity codes	0402, 0403, 2801, 2802				
Team	Jeff Lorrain				
Criteria	ISO 14001:2004				
Remarks and instructions					

5. Certificate Details



DRAFT CERTIFICATE OF APPROVAL

This is to certify that the Management System of:

MacSteel
Fort Smith, Arkansas, USA

*has been approved by Lloyd's Register Quality Assurance
to the following Management System Standards:*

ISO 14001: 2004

The Management System is applicable to:

Manufacture of SBQ Steel Bar Stock

Certificate Expiry:

Type of Certificate:

Single certificate <i>(Complete this form)</i>	Cert. per location <i>(Complete this form for each location)</i>	Multi-site Cert. <i>(Complete additional multi-site form)</i>	Multiple Languages <i>(Complete required forms for each required language)</i>
Accreditation / Number of Certificates:			
x RAB / 2	UKAS /	RvA/	
Reason for the certificate:			
Initial certification	Change of Certification	x Certificate renewal	

Further Instructions:



6. EMS conformance review - ISO 14001:2004

References	Title	Addressed		Conformity		Assessment findings log reference
		Yes	No	Yes	No	
ISO14001						
Clause		x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4.1	General requirements	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4.2	Environmental policy	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4.3	Planning					
4.3.1	Environmental aspects	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0804JML01
4.3.2	Legal and other requirements	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4.3.3	Objectives, targets and programme(s)	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4.4	Implementation and operation					
4.4.1	Resources, roles, responsibility and authority	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4.4.2	Competence, training and awareness	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4.4.3	Communication	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4.4.4	Documentation	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4.4.5	Control of documents	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4.4.6	Operational control	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0804JML02
4.4.7	Emergency preparedness and response	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4.5	Checking					
4.5.1	Monitoring and measurement	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4.5.2	Evaluation of compliance	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4.5.3	Nonconformity, corrective action and preventive action	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4.5.4	Control of records	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4.5.5	Internal audit	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4.6	Management review	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Key EMS processes						
Continual improvement		x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Prevention of pollution		x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Periodic evaluation of legal compliance		x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Assessor Jeff Lorrain						Date: 16 Apr 2008