

Goldschmidt Chemical Corporation

Periodic Audit 5 Report

Management System Certification

Standard: RC14001:2005, ISO 14001:2004

Project No.:

Audit Dates: September 18-21, 2007

Street Address: 900 South Palm St.

City, State, Zip: Janesville, WI 53545

DNV Team Lead: *This is an excerpt from the consolidated multi-site report conducted by Richard Demboski, DNV.*

Audit Team:

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Overall Summary

Below are some key points observed during the audit not included in the Focus Areas.

Positive Indications

Janesville had implemented a program of using nylon sleeves on the stainless steel hoses for personnel protection which was recognized as noteworthy.

Janesville had a very effective and experienced Emergency Response Team that was unusual for a site of its size.

Janesville was recognized by the State of Wisconsin by applying and being accepted in to the Green Tier Program for environmental excellence.

Main Areas for Improvement

Contrary to MSP 035, Legal and Other Requirements-Identification & Evaluation of Compliance, Rev 6, that Legal requirements were communicated throughout the organization;

There was no objective evidence that Janesville was aware that most current permits to operate the #3 and #4 boilers had to be posted at the boiler;

and interviews found that staff was unaware that universal waste of fluorescent bulbs and batteries required a start accumulation date.

Contrary to Janesville, VQSWI 05.1.1.1, Rev 28, Document Control, Maintenance & Distribution, the audit found the following discrepancy's:

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- 1) A form titled, "Degussa Goldschmidt" used as a water treatment log and located in the Janesville Boiler Control room in the ChemTrect, Inc. binder appears to be uncontrolled, lacking a date and point of contact for change. This issue was noted as an observation at the last audit. The document was put under document control but the Contractors document was still being used, not the new document.
- 2) A Lockout/Tagout form was being used at Boiler #3 and the form did not have a form #, or Rev. # or Rev date.
- 3) The Site Emergency Preparedness & Response Plan, VESWI 4.4-11.0, Rev 20 was verbally identified as a hard copy controlled document and was not identified with "CONTROLLED DOCUMENT-DO NOT COPY" in RED in the right margin.

A review of Janesville Site procedure VSAFWI - 06, Rev 11, found that the procedure did not address that confined spaces would be identified but the site training program did address the identification method: a site tour found that some tanks were not identified with confined space warning signs, examples were: TO28, TO29, T11. The procedure and training should be consistent with each other and be reviewed against the standard. This is an observation because of the few identifications missing at the time were not open.

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For Opportunities for Improvement see the List of Findings.

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Management System Compliance Status

- This management system audit was performed in order to determine the degree of conformity and effectiveness of the system against the declared certification criteria.
- The report may contain nonconformities (NCs) that must be corrected before conformance to referenced documents can be confirmed and a certificate issued. There may also be a number of comments to compliment noteworthy efforts and to outline improvement opportunities. This report may be modified by DNV as a consequence of verification activities carried out by the DNV Certification Unit. If this occurs, the report will be revised and re-distributed with explanations.
- The open nonconformities from the previous audit have been evaluated and found to be corrected with the agreed corrective action measures adequately implemented. "Open" NCs have been "Closed".
- Some nonconformities from previous audits remain open due to incomplete / unsatisfactory implementation of corrective action measures. Further details are contained in this report.
- The results of the Periodic Audit are such that the certification of the Management System **will** be continued.

Auditor Statements

- All findings were agreed with Management as being a true record of the facts observed.
- The actions taken in respect of the nonconformities identified at the previous audit were reviewed and were found to be effective in dealing with the issues raised. As such, all previous nonconformities are now closed.

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- The nonconformities raised by this audit must have effective corrective actions implemented within the timescale identified in the Audit Findings Log. Verification of the effectiveness of the actions taken will be performed at the next audit.
- All clauses identified in the audit plan and programs were assessed. Except as indicated in the "Audit Findings Log", the management system was found to be in compliance with the standard and the company's procedures.
- A sampling strategy was used during the audit. Based on this methodology, the fact that nonconformities were not identified does not mean that they do not exist in audited and/or other areas.
- Management Reviews, Internal audits, preventive & corrective actions were found to be implemented in accordance with the requirements of the audit standard.
- Customer complaints are handled, followed-up and closed in accordance with established procedures.
- The management system documentation has been reviewed and found to be compliant with the standard.
- The management system documentation has been changed to reflect changes in the organization.
- Continual improvement of system performance objectives are monitored for their progress and completion.
- The effectiveness of corrective actions issued during internal audits and management reviews are followed up.
- The use of certification mark(s) is in accordance with requirements.

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Organization and Accreditation Details

Organization Details

Company Address: Error! Reference source not found.	
City, State, Zip: Error! Reference source not found.	No. of Shifts: see multisite table
Contact Person: Janice Carter-Lovejoy	No. of Employees per Shift : see multisite table
Contact E-mail: janice.carter-lovejoy@degussa.com	Client Purchase Order No.:
Phone: 804 452-5733	Fax: 804 452-5763
DNV Team Lead: Error! Reference source not found.	Auditor E-Mail: rdemboski@columbus.rr.com

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Accreditation Details

Accreditation Scheme/Approval Body: ANAB	Industry Code (EA / NACE):
Applicable Product Standards:	Statutory Regulatory Requirements: USEPA, OHSA, WI and VA state and local regulations.
Certification Scope: The Goldschmidt Integrated Management System for the Manufacture, Sale, Use and Disposal of Products for the Business Units Oligomers, Silicones and Care Specialties.	
Claimed Permissible Exclusions: None	
Certificate No.: CERT: 07697-2005-AE-HOU-ANAB	DNV Project No.: Error! Reference source not found.- Error! Reference source not found.
DNV Technical Review:	Technical Review Date:

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☉ Certificate Issuance

<input type="checkbox"/>	By issuance of this report by the Lead Auditor, it is confirmed that the client will be recommended for certification when all nonconformities have been satisfactorily addressed. Final approval is at the sole discretion of independent personnel, based on a complete technical review.
<input type="checkbox"/>	New
<input type="checkbox"/>	Other (specify): For example: Changes to company name, division name, company address
<input type="checkbox"/>	Scope Extension (specify reason for scope extension audit):

For multi-site projects, the certificate covers the following sites:

Site	Address	City, State, Zip	No. of Shifts	Employees Per Shift	Main Activity(ies) (Ex.: Purchasing, Sales, Design, etc.)	Site Audited
*HO	P.O. Box 1299	Hopewell VA	1	141	Corporate Office - EHSS&Q, Purchasing, Customer Service, Order Entry, HR, Design/Development and Logistics	<input checked="" type="checkbox"/>

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1a	914 East Randolph Road	Hopewell VA	1	84 Total Employees	Manufacturing - Care Specialties (Home Care, Personal Care and Textile Care) and Oligomers. Silicon, Polyurethane Additives, Industrial Specialties and TEGO Coating & Ink Additives; HPE, Logistics and QC Lab	
2	2001 Afton Road	Janesville, WI	2	52/10/10/9 81 Total	Manufacturing - Textile Care, Personal Care and Oil Chemicals	<input checked="" type="checkbox"/>
3	8300 US Route 24	Mapleton, IL	4	175 @ 20 FTE Contractors	Manufacturing - Textile Care, Personal Care and Oil Chemicals	

***For multi-site projects indicate which site is the “central” location for the Management System. This site should be indicated as the HO (head office) and shall as a minimum be audited at least annually.**

Note: The applicable revision level of the client’s manual is GIMS EHSQ Policy Manual, Issue 4, August 17, 2007.

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Audit Findings

☉ Summary from the Audit

(Details of the NCs, Observations, Opportunities for Improvement, and Noteworthy Efforts will be found in the “List of Findings”)

Total number of nonconformities (NCs) identified during this audit:	2
<i>Total number of Major (Cat. 1) NCs:</i>	0
<i>Total number of Minor (Cat. 2) NCs:</i>	2
Total number of Observations identified during this audit:	3
Total number of Positive Indications identified during this audit:	5
Total number of Main Areas for Improvement identified during this audit:	5
Total number of NCs closed from previous audit:	3
Total number of NCs escalated from previous audit:	0
Total number of NCs down-graded from previous audit:	
Total number of NCs left opened from previous audit (justification):	

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Conclusion / Next Step

- The Team Leader confirmed with the Auditee / Organization at the Closing Meeting that the information contained in the "List of Findings" is factual.
- Submit** all nonconformity responses to your Lead Auditor in a sufficient timeframe to allow implementation of your Corrective Action Plan by the agreed completion date. DNV will verify effective implementation of Corrective Actions for Minor NC's during the next scheduled visit or Follow-up audit.
- Major nonconformities** require a **follow-up audit** by the Lead Auditor. During the follow-up audit, the focus will be on those processes/clauses that were the subject of the Major NC(s). Additional samples and areas within the clauses may be audited, in addition to verification of the specific corrective action. Note that Corrective Actions must be effectively **implemented** in order to close.
- Findings identified as nonconformities must be responded to by the Organization within 90 days from the last date of the audit. The response shall include the results of investigation into the cause of the nonconformity, corrective action taken and confirmation of effective implementation.
- Major nonconformities were identified during the audit. This necessitates (requires) a follow-up audit to be performed upon completion of effective implementation of corrective actions by the Organization. Recommendation for certification can be given only upon satisfactory completion of the follow-up audit.

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- All applicable clauses of the Standard were assessed and the Management System was found to be in compliance, except as where indicated in the 'Audit Findings' section of this report.
- Upon issuance of the certificate, the Organization has the right to use the agreed accreditation mark in association with the DNV logo as outlined in the conditions attached to the Management System Certificate.
- The findings of the audit take into consideration the adequacy of the Organization and their management system documentation. The findings are also supported by observations made by the Audit Team with respect to the maturity and effectiveness of the Management System.

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Key Participants

Name of Participant	Position and/or Department
Chris Burki	EHS Manager - Janesville
Dieter Bettinger	Site Manager- Janesville
Kevin Swabes	QA Support- Janesville
Roger Robinson	Chemical Operator- Janesville
Jim Densen	PBBS Employee- Janesville
Joanne Schultz	QA Manager- Janesville
Don Owens	ERT Member- Janesville
Chris Cudzinovic	Maintenance- Janesville
Ron Huber	Maintenance- Janesville
Dave Brassington	Maintenance- Janesville
Reinhold Brand	President - HQ
Runion Tracy	Buyer III- HQ
Steve Turner	Bus Line Director, IS- HQ
Wayne Kennedy	Mgr Product Stewardship- HQ
Susan White	Training- HQ
Janice Carter-Lovejoy	Mgr. Management System- HQ
Phil Hagwood	Mgr. EHS- HQ

Note:

The above list contains only the primary contacts involved during the audit and is not an all-inclusive list of those individuals interviewed.

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Special Notes

Statement of Confidentiality

The contents of this Report, including any notes and checklists completed during the Audit, will be treated in strictest confidence and will not be disclosed to any third party without written consent of the customer, except as required by the appropriate Accreditation Authorities or as otherwise outlined in the formal Certification agreement.

Explanatory Notes

This report may describe findings to be corrected before Certification to the referenced Standard(s) can be granted/continued. There may also be a number of comments to compliment noteworthy efforts and to outline improvement opportunities. The report could be modified by DNV as a consequence of activities (verification of open issues or technical review) carried out by the DNV certification unit after the audit. If this occurs the report will be revised and re-distributed with explanations.

Distribution

This report will be sent to:

- 1) *Organization's Contact Person, by e-advantage, electronic copy or hardcopy, as agreed with the Organization*
- 2) *DNV Technical Review, as/if required by the DNV process*
- 3) *Electronic copy to be kept in DNV database*

Appendices	X	Audit Program (Agenda)	X	List of Findings
	X	Periodic Audit Plan / Audit Activity Matrix	X	Re-Certification Plan
	<input type="checkbox"/>	Other Appendices		