

Construction Safety Process

I. Background and Overview

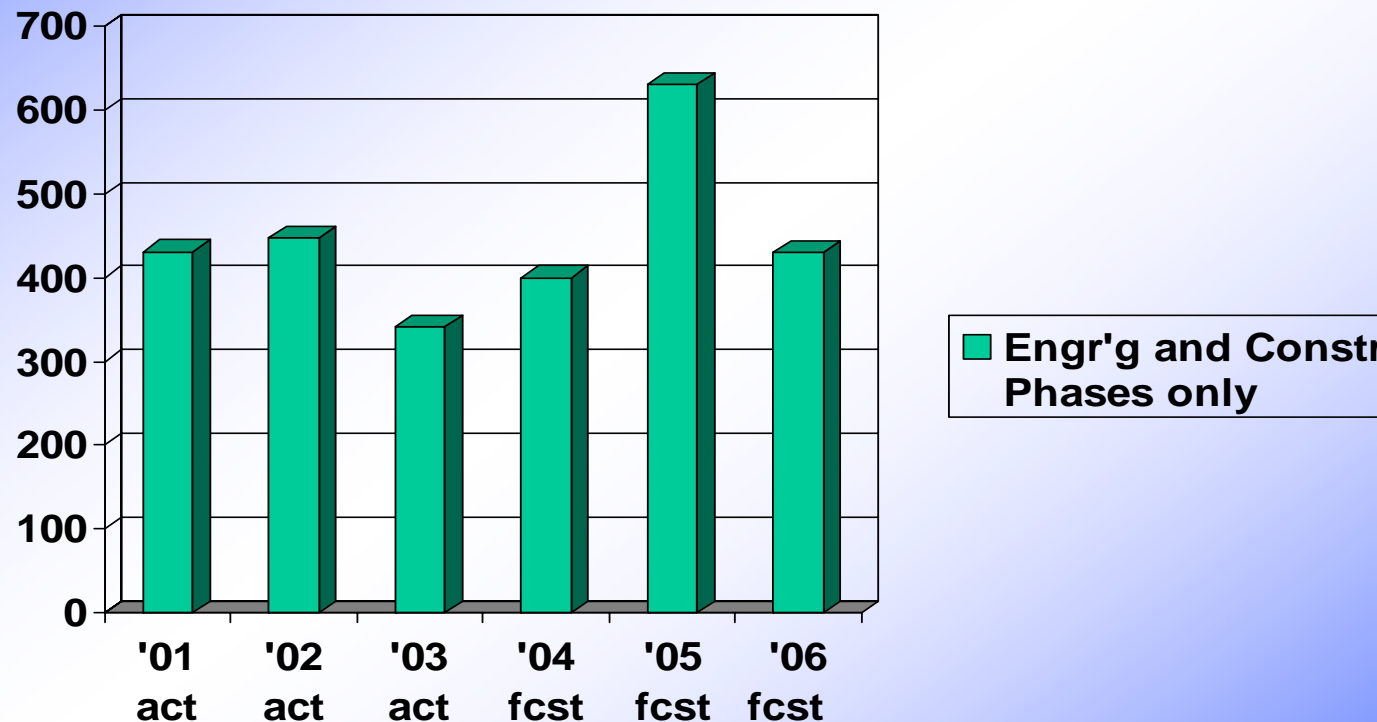
II. Foundations for the CSP

III. Implementation

I. Background and Overview

- WFG Capital Projects is managing active projects in excess of \$1B, and annually oversees \$400 Million in contracted construction work

Construction Volume



- I. **Background and Overview (continued)**
 - **Installation of conveyors, tools, and equipment for our assembly and manufacturing activities adds an equivalent volume for “construction” work within Company, bringing construction volume to greater than \$800 million.**
 - **This translates to greater than 4 million hours of Contractor-expended labor each year in Company.**

- I. Background and Overview (continued)**
 - **Following much emphasis by Company Leadership, great progress in safety performance had been made with our own employees**
 - **Leadership desired to expand this performance to include our contractors**
 - **The Construction Safety Process (CSP) was created to serve our project managers by providing a roadmap to oversee Contractors' safety practices**

I. Background and Overview (continued)

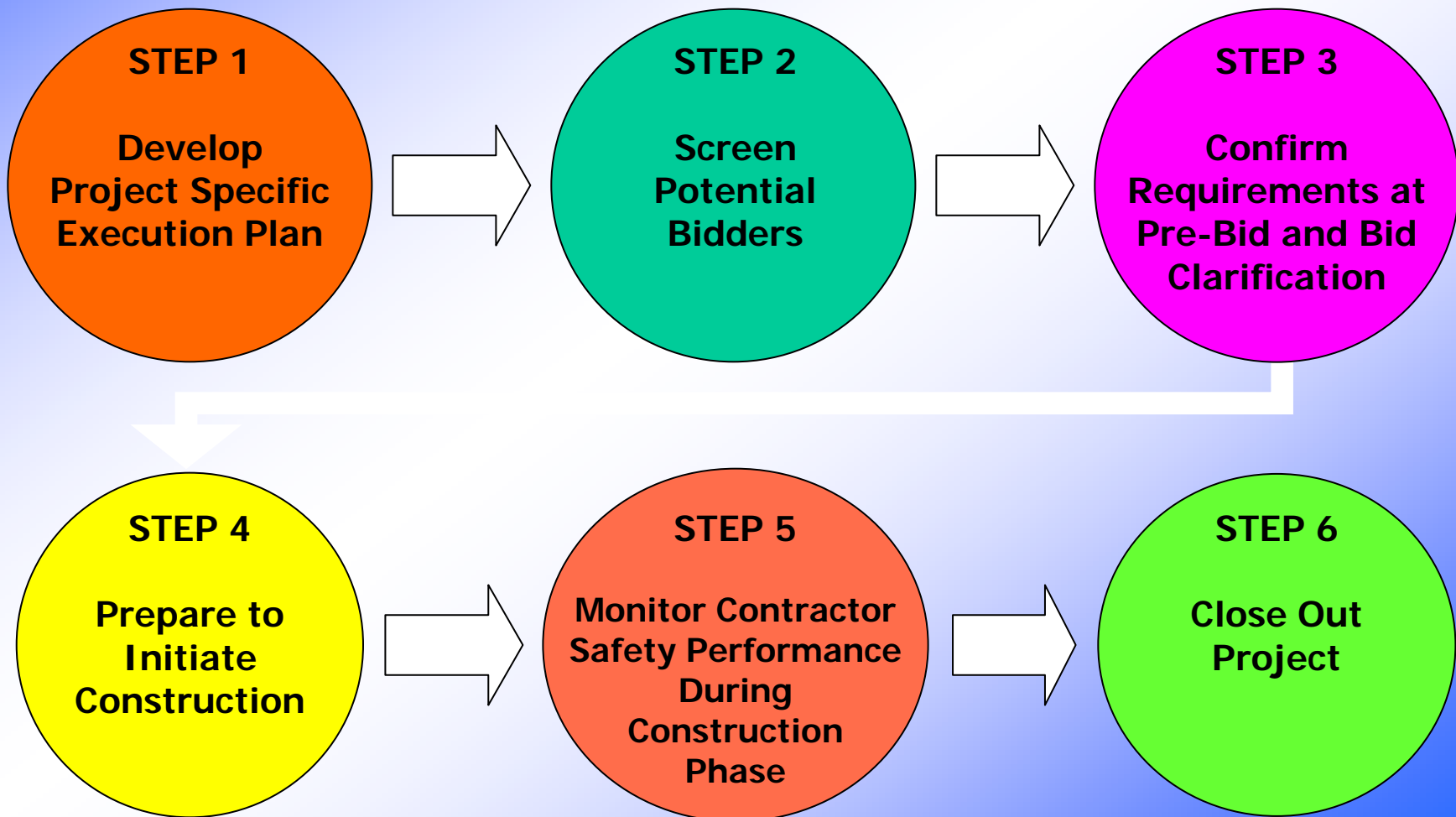
- The CSP while striving to safeguard the welfare of contractors' employees recognizes a key difference in the relationship of Company to these employees compared to its own employees
- ◆ Contractor management is directly responsible for its employees' welfare – not Company

I. Background and Overview (continued)

- Thus the CSP is based upon key responsibilities for each entity
 - ◆ Contractors:
 - prescribe means and methods to accomplish work safely
 - employ pre-task planning to identify hazards and identify measures to control them
 - ◆ Company Project Managers
 - review Contractors' specific pre-task plans prior to any work commencing
 - Primarily focus on the oversight of the management activities provided by the Contractors – not solely on its employees

Background and Overview (continued)

Construction Safety Process



I. Background and Overview (continued)

- **Step 1 involves Developing a Project Specific Execution Plan**
- **Step 2 has our Project Managers working with our Purchasing Organization to Select and Screen Potential Bidders (from maintained database of pre-qualified bidders)**
- **Step 3 is Confirming Requirements at Pre-Bid and Bid Clarification**
- **Step 4 prepares us for initial construction**

Work Commences Here!

- **Step 5 addresses Monitoring Contractor Safety Performance during the Construction Phase**
- **Finally, Step 6 centers on Project Close Out (including a final evaluation of the Contractors' performance in all areas that includes objective safety data)**

I. Background and Overview (continued)

Note: Worldwide Purchasing will invoke necessary corrective actions against poor performing Contractors at any time. These punitive actions may include:

- temporary suspension from bid lists
- more draconian “New Business Hold” status which borders on the “death penalty”

National Summit on Contractor Safety October 30, 2006

II. Background and Overview (continued)

Construction Safety Process

Statement of Work

■ Within the Steps are tasks that are described by Statements of Work

- Task Number:** > 1.1
- Task Name:** > Identify necessary safety-related Special Conditions for inclusion into bid documents (Ref. Bid & Award Guide 1.2)
- Task Owner:** > Engineering Manager
- Task Duration:** > One (1) week
- Task Description:** > Include safety-related Special Conditions in Bid Documents
- Deliverables:** > Special Conditions (that are safety-related)
> Note: there may be other Special Conditions that may need to be included that are not safety-related. In that case the Special Conditions determined here would only be part of the total.
- Customer for Deliverables:** > Bidders; other engineering managers who will manage contracts at this site.

Necessary Inputs:

1. Special Safety Conditions
2. Plant or site's own safety rules
3. Recognition template

Source of Input:

1. Capital Projects website
2. Site ME Director or WFG-FAM
3. CSP appendix

Resources: > WFG Safety, Plant's Safety Department, Director M.E. (from site)

Methodology:

- > The Engineering Manager obtains the current Special Safety Conditions from the web and a copy of the plant's Safety Book from the Site's ME Director. The Engineering Manager compares the two documents and notes any conflicts with or omissions to the Special Safety Conditions that may exist with the plant's Safety Book. These are to be reviewed with the plant's Director of ME and if additional contractual language is required, it should be included as a Special Condition.
- > Reference the Recognition template that is found in the appendix where the contractor is identified as the "funding source" a Special Condition is required to advise him of this (these) requirements. The interpretation of this template is the responsibility of the Engineering Manager. In the event that more than one organization is represented at the site, the Engineering Manager must ensure that all organizations will execute to a common plan and as such these Special Conditions must be common to all contracts at the site.
- > WFG will take the lead in this activity, otherwise the natural owner of this activity should be the largest financial stakeholder of the site construction activity.

II. Foundations for the CSP

Our CSP is built upon the following:

- **Our Corporate Safety Philosophy**
- **Contractual Requirements**
- **Industry Best Practices**

**It is grounded in disciplined
management practices and current
support organizations**

II. Foundations (continued)

■ Company Safety Philosophy

The Company Health and Safety Policy

“We are committed to protecting the health and safety of each employee as the overriding priority of the Corporation. There will be no compromise of an individual’s well being in anything we do. The implementation of actions to help our employees realize a healthy injury-free environment is a leadership responsibility. Continuing support of this effort is the responsibility of everyone. We will lead the Company team to ensure that we protect the well being of every member.”

The XXXXX Strategy Board

II. Foundations (continued)

■ Contractual Requirements

- ◆ Company 1638 General Terms and Conditions (Article 9)**
- ◆ Sixteen (16) Special Safety Conditions (may enhance OSHA requirements)**
 - Example: Fall Hazard Control – requirement to review horizontal life line system by structural engineer**
 - Stipulated MAF's (max. arresting force to match plant design standards for anchorages)**

II. Foundations (continued)

- Industry Best Practices
 - ◆ **Construction Industry Institute (CII)
studies white papers - “Zero-Accident
Strategies”**

II. Foundations (continued)

- **The CSP embodies these “Zero-accident Strategies”**
 - ◆ **Staffing for Safety**
 - ◆ **Safety education: orientation and specialized training**
 - ◆ **Evaluation and Recognition/Reward**
 - ◆ **Subcontract management**
 - ◆ **accident/incident investigations**
 - ◆ **drug and alcohol testing**
 - ◆ **pre-project and pre-task planning**
 - ◆ **worker involvement**
 - ◆ **management commitment (that internalizes a safety culture)**

III. Implementation at Company

- **No “silver bullet” exists for success; strategies cannot be “cherry-picked”**
- **Our current experience at Company has taught us that three (3) of the strategies present greater hurdles, but when achieved provide greater benefits:**
 - 1) pre-task planning**
 - 2) worker involvement**
 - 3) management commitment that internalizes a safety culture**

III. Implementation at Company (continued)

- **Of these last three, consider the first two:**
 - 1) **pretask planning, and**
 - 2) **worker involvement**
- ◆ **these are inseparable**
- ◆ **workers are the “experts” and are best able to recognize (and therefore control) hazards**

III. Implementation at Company (continued)

- **3rd and Last: Management Commitment to our Health & Safety Policy that “safety’s our overriding priority” and the belief that “all incidents are preventable”**
 - ◆ **Company managers are progressing in the internalization process themselves**
 - ◆ **Contractor management, with Company leadership, must similarly internalize this commitment and drive the culture throughout their own organizations**

This will be our only way to Win