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| | Environmental, Health & Safety Management System Performance Standards |
| | Contractor EHS Management Performance Standard 5.0 |

1.0 PURPOSE

This performance standard establishes minimum auditable expectations for Contractor EHS Management across Company.

This performance standard also supports conformance with the Company Contractor Management Policy, Contractor EHS Management Implementation Guidance and Contractor EHS Management Process Steps.

Exclusions:

Low risk, dependant and off-site service contractors, suppliers and materials procurement process are excluded from the requirements of this performance standard. However other operating company and Procurement process due diligence programs may apply and may be audited accordingly.

2.0 EXPECTATIONS

2.1 Responsibilities:

EHS Committee and EHS Extended Staff

- Review and approve all EHS Contractor Management process changes.
- Commission formation of EHS Contractor Management Best Practices Team to leverage expertise, discuss process challenges, successes, best management practices and insightful information to assist in meeting the intent of EHS Management System (Element 5: Supplier, Contractor and Partner Relationships) and the Contractor EHS Management Policy
- Jointly support Procurement’s sustainment of the Contractor EHS Management initiative through the management of key process controls such as the Risk Interpretation, Mentoring Manual and self assessment and audit action plan resolutions.

EHS Contractor Management Best Practices Team

- Roles and responsibilities will be defined by the COMPANY Extended Staff in the Project Initiative document.

Procurement

- As administrative owners of the Contractor Management process, establish and maintain a written contractor EHS program within the Service Contract Administrative Manual(s)

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consistent with the requirements of this performance standard and Company corporate requirements.

- Maintain the Mentoring Manual, Risk Interpretation Guide, Oversight Manual and Compliant/Non Compliance screening compliance criteria as part of the Service Contract Administrative Manual(s)
- Facilitate training program for the implementation of this performance standard.
- Communicate and facilitate issue resolution with subject matter experts.

Operating Companies / Engineering & Construction

- As functional owners of the EHS Contractor Management process, implement measures to conform with the requirements, intent and expectations of this performance standard.
- Implement applicable EHS Contractor program specified requirements as outlined in the Service Contract Administrative Manual. This includes the Risk Interpretation Guide, Oversight and Mentoring manuals and screening compliance criteria.
- Project Managers will implement the EHS Contractor program specified requirements as outlined in the Service Contract Administration Manual. Note: The Project Manager is the person responsible for the overall management of the project on behalf of COMPANY, including the Environment, Health and Safety aspects of that project. The project manager has the ability to review and accept the Contractors provided EHS documentation themselves or to request from EHS assistance for this review.
- Project Managers will ensure coordination of parties accountable to the execution of Contractor EHS oversight and performance evaluation tasks and processes described in this manual.

COMPANY EHS

- Maintain and approve this performance standard.
- Perform audits and assessments to evaluate conformity and effectiveness.

Company Corporate

- Maintain and update the Corporate Contractor EHS Management Policy

2.2 EHS Contractor MANAGEMENT PROCESS

Overall Process

Pre-qualification
Planning
Contract Issuance
Pre-Job Activities
Project Execution/Oversight
Post Contract Activities

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Pre-qualification

Identifying and pre-qualifying prospective contractors on the basis of EHS risk associated with the contracted work.

- Contractors shall be screened on the basis of ability to meet or exceed pre-determined EHS performance criteria. Refer to screening compliance criteria.
- Service related contractors are evaluated and classified according to high, medium or (by exclusion) low risk as per Contractor EHS Risk Evaluation Interpretation Document.
- Medium and High Risk contractors are subjected to a more detailed EHS process (e.g. maturity of programs and effectiveness of EHS procedures/practices) and resource (e.g. level of EHS staff) evaluation based upon specific EHS risks of the contracted work.
- Contractor EHS risk control capabilities are a part of the pre-screening qualification process.
- Internal databases of approved contractors are retained and updated to reflect the date of revalidation and all changes in vendor status. Contractor EHS qualifications are reviewed and/or revalidated on a minimum of every two years.

Planning

Identifying EHS risks associated with contractor services before a project is contracted.

- EHS risks are identified and control mechanisms documented during the planning of contracted work (including as required the operational controls and the identification of legislative, permit and other requirements) according to the Risk Interpretation Guide.
- Project scope documentation is reviewed by the EHS function or other qualified personnel (e.g. trained, experienced, etc.) prior to issuing bid documents or otherwise contracting for work using Medium and High Risk contractors and subcontractors.

Contract Issuance

Contracts provide appropriate levels of binding EHS performance expectations. Contractual terms, conditions, and other expectations are reviewed and communicated to all relevant stakeholders prior to initiation of contracted work activity.

- All contractors performing medium and high risk work at Company facilities must have a contract per the North American Contracts Administration Manual.
- Contractors that do not meet required EHS criteria are mentored according to the requirements established within the Contractor EHS Mentoring Manual to ensure performance attains and maintains desired levels.
- EHS risk control expectations are communicated to contractors during the bidding process.
- Preparation, tendering, issuance and award of contracts for the provision of services to COMPANY are developed in accordance with the requirements established within the COMPANY Contract Administrative Manual(s).

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- Project-specific EHS expectations and standards (as relevant and appropriate) are incorporated into contract documents.
- Contractors are bound contractually to manage EHS risk in accordance with work scope documentation.
- Written exception and accountability process are put into place to address cases where EHS recommendations are not followed.
- Appropriate legal protections/provisions will be included into contract documentation.

Pre-Job Activities

Review and approve contractor EHS work and communication plans, developed in advance of work, that consider the hazards associated with their work, equipment, and products.

- Medium and High Risk contractors provide contractually required project specific EHS documentation in a timely manner.
- EHS or other qualified (e.g. experienced, trained) personnel review, validate, and approve contractor EHS documentation (as relevant) before contracted work proceeds. Note: EHS process implementation should be the responsibility of the contractor(s).
- The Legal Department should be consulted (as relevant and practical) prior to submitting comments, observations, and recommendations on EHS documentation to contractor(s). Legal consultation may not be required in all circumstances and should be measured against EHS risk associated with the contracted work.
- A written exception and accountability process should be implemented to address cases where EHS recommendations are not followed.

Project Execution / Oversight

Adequate internal and external oversight controls are applied to the project:

- EHS Oversight requirements have been defined and documented in accordance with the Contractor EHS Oversight Manual. EHS oversight includes the collection of tasks performed for the purpose of measuring, evaluating, reporting on, and ensuring Contractor compliance with the Contractor's EHS obligations under its contract with COMPANY. EHS Oversight activities include - depending on the nature of work (risk level, work duration, contractor capabilities, etc.) - documented activities such as pre-job meetings, periodic inspections, project meetings, incident investigations and audits.
- Contractor employee training and qualifications are verified by EHS or other qualified (e.g. experienced, trained) party prior to initiating contracted work.
- Internal oversight roles/responsibilities and site conduct expectations have been defined and communicated to project stakeholders.
- Contractors EHS work plans are developed and communicated to project stakeholders *during* contracted work.

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- Stop-work authority has been authorized and communicated for all unacceptable EHS conditions identified.

Post Contract Activities

Contractor performance is monitored and measured on an ongoing basis.

- The post-contracted work EHS performance of contractors (and, by extension, their subcontractors) is regularly reviewed, documented and reported using leading and lagging indicators. Reviews can be conducted by EHS or other qualified (e.g. experienced, trained) parties.
- Negative deviations in approval status are communicated to all process stakeholders at the time this determination is made.
- Periodic audits and inspections of companies providing environmental services, such as waste hauler, disposal sites, laboratories and bulk chemical vendors.
- The post-contracted work EHS performance of contractors is communicated as appropriate throughout the organization.
- Contractors that consistently do not perform to contractual EHS expectations should not be hired by Company.

3.0 ATTACHMENTS

- None.

4.0 REFERENCES

- Company Contractor EHS Management Policy;
- Contractor EHS Management Process Steps and Implementation Guidance;
- Contractor EHS Management Policy Assessment Tool;
- Contract Administration Manuals;
- EHS Risk Communication Tool;
- Mentoring Manual;
- EHS Compliant/Non-Compliant Criteria;
- Risk Interpretation Guide;
- Oversight Manual.

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