

# **Company Franchised Divisions Contractor EHS Management Program**

## **Purpose**

This document will establish minimum expectations for Company business units for Contractor EHS Management.

## **Scope**

This process will apply to contractors and subcontractors who perform contracted work on franchised sites and systems. <<Specifics removed>>

## **Core Components**

The Contractor EHS Management Process includes these core components:

1. Roles and responsibilities will be defined.
2. EHS risks associated with contractor services will be identified before a project is outsourced.
3. Prospective contractors will be selected on the basis of EHS risk associated with the work and EHS performance criteria.
4. Contracts will provide the appropriate level of EHS and legal protections and reflect enforceable EHS performance expectations for contractors.
5. Contractor EHS plans will be communicated during contracted work.
6. Adequate oversight will be applied.
7. Post-project contractor performance will be reviewed and communicated.

## Detailed Expectations

- 1. Roles and responsibilities will be described for all Company personnel involved, including buyers, project managers, job sponsors, contract administrators, EHS professionals, and others involved in the contracting process. These responsibilities are described generically below. Titles and exact responsibilities may vary with business units.**

### Contract/Service Requestor

The Contract/Service Requestor is the person who has determined a need for the contracting of services to fulfill a work activity or a specific work project.

Responsibilities:

- provide input in evaluating the overall level of EHS risk associated with the contracted activity
- provide requirements necessary to mitigate risks
- support Purchasing Agent in the solicitation of bids and proposals
- support Purchasing Agent in the evaluation of bids and proposals
- interact with EHS, Procurement, Legal, and other relevant functions as appropriate

### Contract Manager

The Contract Manager is the person who assists the Purchasing Agent with developing the contract, based upon the work activity to be completed, the process steps, and the input of the other key players, and manages the contract once in place.

Responsibilities:

- provide input in evaluating the overall level of EHS risk associated with the contracted activity
- ensures appropriate steps of the Contractor EHS Management process have been followed
- ensures that work is performed in accordance with contract, contractual or otherwise agreed to EHS requirements, policies and procedures
- interacts with appropriate Purchasing Agent prior to effecting changes in scope of contracted work relative to Contractor EHS Management expectations
- provides oversight of contracted work

### Contract Administrator

The Contract Administrator interfaces with the Purchasing Agent, Contract Manager, Job Sponsor, etc. to ensure that the requisitions are initiated and approved.

Responsibilities:

- Reviews the billing to ensure that it is in accordance with the contract.
- Alerts Purchasing Agent and Contract Manager if there are inconsistencies with the documentation of the contract.

### **Project Manager/ Job Sponsor**

The Project Manager is the person who has overall responsibility for the work activity being completed by the Contractor.

Responsibilities:

- identifies and/or manages the overall level of EHS risk associated with the contracted work activity
- ensures no contracted work is performed until all appropriate steps of the contracting process have been completed
- ensures oversight is performed in accordance with contractual or otherwise agreed EHS requirements, policies and procedures
- interacts with Purchasing Agent, Contract Manager, Contractor and Contract Administrator prior to effecting changes in the scope of contracted work
- ensures that a post-project review of Contractor EHS performance is completed

### **Purchasing Agent/ Buyer**

The Purchasing Agent is an Authorized Agent of the company and therefore is the only one that can commit the company to a contract.

Responsibilities:

- ensures any EHS risk mitigation provisions are in place for the work activity
- ensures any contracts include EHS requirements and performance expectations as appropriate
- ensures that the work activity is in accordance with EHS policies and procedures
- maintains records concerning a contractor's EHS qualifications
- interacts with Legal, EHS, Continuity Insurance Security Services (CISS), and relevant internal sourcing organizations

### **EHS**

The Environment, Health and Safety personnel provide support and guidance to all the generic roles involved in the life of the contract.

Responsibilities:

- provides input in the planning and contracting process on known and potential EHS hazards with the specific contracted work activity
- provides guidance in planning work as part of the pre-project review
- reviews and accepts contractors EHS risk management work plans
- evaluates a contractor's ability to meet and comply with governmental regulations and applicable internal guidelines, processes, and other expectations related to EHS
- performs EHS oversight as necessary
- interacts with Procurement, Legal, Operations, Maintenance, Engineering, Construction and other relevant functions

**2. EHS risks will be identified for a project or for contracted work before the work is contracted. Methods to control the EHS risks will be communicated to the contractors in the bidding process.**

- Contracted work will be accompanied by work scope documentation.
- EHS risks shall be identified during the planning of contracted work.
- EHS risk control actions will be identified and documented.
- For Medium and High Risk projects, work scope documentation will be reviewed by the EHS function or other qualified personnel prior to issuing pre-bid/bid documents.
- EHS risk control expectations will be communicated to contractors and subcontractors during the pre-bid, bidding, and contract award process.
- EHS risk control expectations will be included in the contract as deemed appropriate.
- Contractor and subcontractor EHS risk control capabilities become part of the pre-screening qualification and contractor selection process.
- Contractors and subcontractors will be required by the contract to manage EHS risk in accordance with work scope documentation.

**General Classification of Service Related Contractors**

- **Low Risk:** Low risk contractors include those that provide contracted work that inherently poses minimal EHS risk to employees and the public. Their work requires minimal advance EHS planning, preparation, formal training, or work controls.
- **Medium Risk:** Medium risk contractors include those vendors whose contracted work does pose EHS risk but the scope is limited to a narrow range of EHS programs and risk. Their contracted work may require advance EHS planning, preparation, formal training, work controls, and audit/oversight.
- **High Risk:** High risk contractors include those vendors whose contracted work poses broad-based EHS risk. Their contracted work requires advance EHS and sometimes complex planning, preparation, formal training, robust work controls, and professional, regular audit/oversight.

**3. Contractors will be selected based on their EHS qualifications. Criteria for screening contractors will include factors such as EMR, OSHA incident rate, citation/violation history, and previous performance. Contractors will be pre-qualified, where possible, prior to receiving bids for work.**

- Contractors shall be screened against a standard set(s) of EHS performance criteria. Subcontractor screening may be performed by Company or be a contractually binding expectation applied to the Prime/General contractor. Contractors will be required to provide documentation of the subcontractor's safety records when requested.
- Medium and High Risk contractors will be subjected to more detailed EHS process and resource review based upon specific EHS risks of the contracted work. Medium and High Risk contractors will be screened based on EMR, OSHA incident rate, citation/violation history, and previous performance.
  - Criteria for Medium and High Risk. Management approval required for exceptions:
    - Experience Modification Rate (EMR) average for last 3 years does not exceed 1.0.
    - Has not had a work-place related fatality within the last three years.
    - Total OSHA recordable case rate is at or below industry average (7.0 is average for typical construction and T&D activities).
    - Has a written EHS program (i.e. management commitment, health and safety plans, spill and emergency response plans, etc.).
- Contractors engaged to perform emergency contracted work may be exempted from standard pre-screening processes but should, however, be screened to meet certain basic EHS performance expectations such as employee training and ability to execute work following either Company or its own internal safe work practices
- Contractor EHS pre-qualification documentation will be readily accessible and communicated to other *relevant* Company businesses.

**4. Contracts will include EHS performance expectations for contractors. All projects will have contracts. Contracts will contain consistent standard terms and conditions that will include compliance with laws, EHS performance expectations, and oversight expectations.**

- Project specific EHS expectations and standards will be incorporated into contract documents
- Contracts will include:
  - Enforcement provisions.
  - Appropriate legal protections/provisions.
  - Incentives and disincentives.
  - 'Flow-down' or parallel expectations from General/Prime contractors to sub-contractors.
  - Incident management expectations.
  - Provisions that require contractors and subcontractors to provide Company with a minimum set of EHS statistics (TICR-(Total Incident Case Rate, LWCR -Lost Workday Case Rate, EMR -Experience Modification Rate,, Hours worked) for Company contracted work,
  - Provisions to address native language issues where the workforce may not be fluent in English.

**5. Contractor EHS work plans will be developed in advance of work and will consider the hazards associated with the work. The contractor work plans will be reviewed and approved by appropriate project and EHS personnel in advance.**

- EHS or other qualified personnel will review, validate, and approve contractor/subcontractor EHS documentation before contracted work proceeds. Adequate time will be provided for this review.
  - EHS documentation includes, but is not limited to, safe work practices manuals, EHS manuals, project specific health and EHS plans, project specific environmental plans, licenses and permits, job hazard analyses and/or EHS risk assessments, training programs/records, emergency response plans, chemical response plans, chemical/spill response plans, personal protective equipment plans, incident investigation processes, and other documentation required by the contract.
- Contractors and subcontractors will be provided with adequate time to respond to recommended amendments to EHS documentation provided by EHS.
- A contractor/subcontractor job site EHS orientation meeting(s) will occur prior to initiation of contracted work.

**6. Adequate oversight will be applied to all contracted work. The extent of the oversight will depend on the risk involved. Initial contractor site EHS orientation meetings will occur prior to initiation of contracted work for all contractors and subcontractors. Contractor oversight will include the implementation of substance abuse procedures. Contractors will verify that all contractor employees are trained and qualified. Incident investigations will be conducted for all contracted work incidents.**

- Internal oversight roles and responsibilities and site conduct expectations will be defined and communicated to project stakeholders.
- Contractor employee training and qualifications will be verified by EHS or other qualified personnel prior to initiating contracted work.
- EHS orientation(s) for all contractors and subcontractors will be conducted. This is an on-going project expectation whenever new contractor and subcontractor employees are assigned to a site.
- Oversight will include periodic inspections/walkdowns of contractor work as appropriate.
- Incident investigations will be conducted for all contracted work incidents.
- Substance abuse policies will be enforced.

**7. At the conclusion of work, contractor performance will be evaluated and communicated. Contractor EHS performance will be used for consideration in future work.**

- The EHS performance of contractors and subcontractors will be regularly measured and reported.
- The post-contracted work EHS performance of contractors and subcontractors will be regularly reviewed and documented by EHS or other qualified parties. It will be communicated throughout the business unit.
- EHS performance determinations will be communicated to contractors and subcontractors.
- Contractors and subcontractors that consistently do not perform to contractual EHS expectations will not be hired by Company.