

Recommended Good Practice for



Brussels, October 21, 2010

Mark Füllemann



Problem area 1: The Contractor is a different company

Two lines of command

The employees of a contractor report to their superiors. Our personnel must go up our hierarchy to the level of contact with the contractor management which makes rapid action practically impossible.

Liabilities without authority

We cannot request full compliance with our own safety rules without the transfer of some form of authority to us. But transferring some sort of authority also transfers some sort of legal liabilities. How much authority do we need to accept legal liabilities?

Contradicting orders

If a contractor employee has to follow the orders of his own supervisor and at the same time of our safety officers he might be exposed to even more risk.



Problem area 2: The Contractor is a company with special know-how

Safety at the contract level

Can we request certain conditions and behaviors in the contract if we know a lot less about the work to be performed than the contractor? And if we do what kind of liabilities are we incurring?

Safety at the execution level

Can we spot unsafe conditions and/or unsafe behavior when we do not fully understand the work to be performed?



Problem area 3: The Contractor must earn money

Work which we cannot perform

We assume that the contract price includes the cost of safety but we do not really understand the cost structure of this type of work. When we ask for discounts in a competitive environment where does the contractor save money?

Work which we could perform

Where does the contractor perform at lower cost than we could?



Problem area 4: Time

Contracts of short duration

Can we afford an induction or a training of one hour for a task that will take less than a day to be performed?

Contracts of long duration

If the contractor stays the same over a long period of time does this also mean that we see the same contractor employees all the time?



Mission for Contractor Safety

CSI member companies are committed to giving contractor safety equal priority as employee safety.

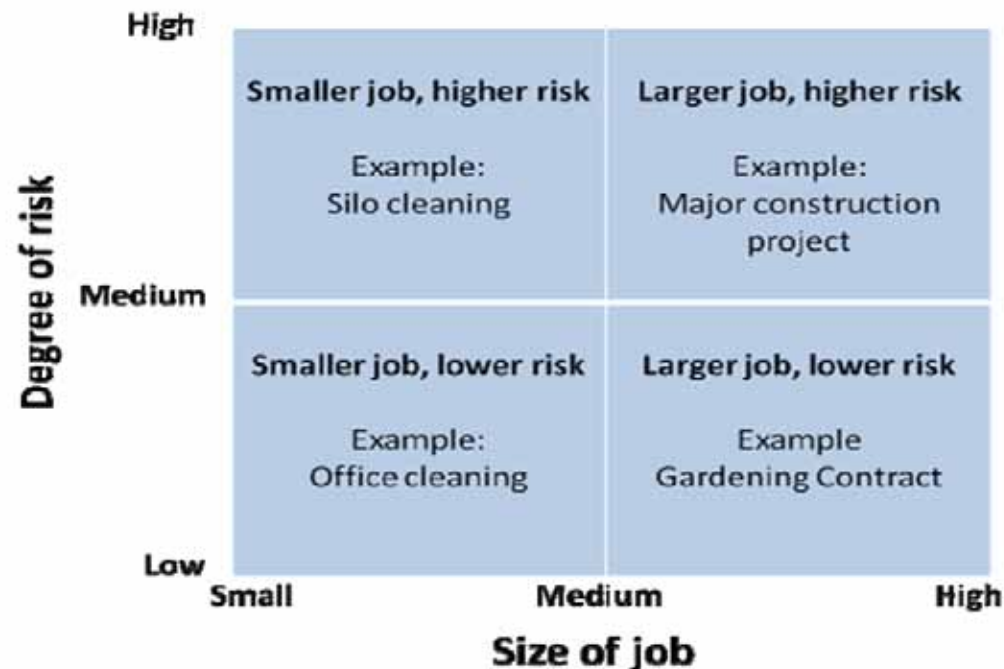
While our contractors are always responsible for their own safety, we now commit to setting an example for their safety management through our own activities and contract management.

We believe that this can be achieved by implementing this Good Practice, which has proven effective in reducing contractor incidents within our and other industries. In turn we require our contractors to achieve good safety performance in carrying out their contracts.



Applicability

The Good Practice should be appropriately applied to all types of contracts. However, job size and risk level may be taken into consideration in the practical implementation of the Good Practice. Job size and risk may be divided for simplicity into four generic categories:



Implementation

The CSI member companies are recommended to implement this Good Practice in new Contracts across all activities and operating regions as soon as practicable, and seek to have them implemented in all regions and activities within five years.

The Good Practice should be applied to existing Contracts upon renewal, and where practicable also within five years.

The CSI member companies should provide annual updates on the implementation progress of this Good Practice within existing public CSR reporting.



Fostering a Safety Partnership

Safety Management of Contracts should ideally consist of a safety partnership between the CSI member company and the Contractor, both dedicated to improving safety, while simultaneously maintaining the legalities of the contractual relationships.

The recent CSI Fatality Prevention Review (2009) found such safety partnerships to be a hallmark of companies that had achieved excellence in Contractor safety.



Phase 1 - 3

Phase 1: Contractor Pre-qualification

Contractor pre-qualification includes safety performance criteria as a prerequisite, whether such prequalification is carried out by the company for its own purposes or in cooperation with independent third parties to evaluate and certify that safety performance criteria are met.

Phase 2: Contract Definition and Award

The scoping of the Contract work, the selection, negotiation and award of the Contract includes a focus on good Contractor safety performance.

Phase 3: Contract Pre-Commencement

While risk assessment of the Contract work to be carried out is the responsibility of the Contractor, the company requires confirmation that the Contractor has carried out risk assessment and is informed of site-specific risks, as proof that the Contractor has developed a comprehensive safety plan prior to work commencement.



Phase 4 - 6

Phase 4: Contract Implementation

While safety management of the Contract work in accordance with the Contract and local legal requirements is the responsibility of the Contractor, the company sets Contractor safety performance as a key priority during Contract implementation. If any unsatisfactory Contractor safety performance is observed, the CSI member company requires that the Contractor promptly rectify his safety performance.

Phase 5: Handover and Acceptance

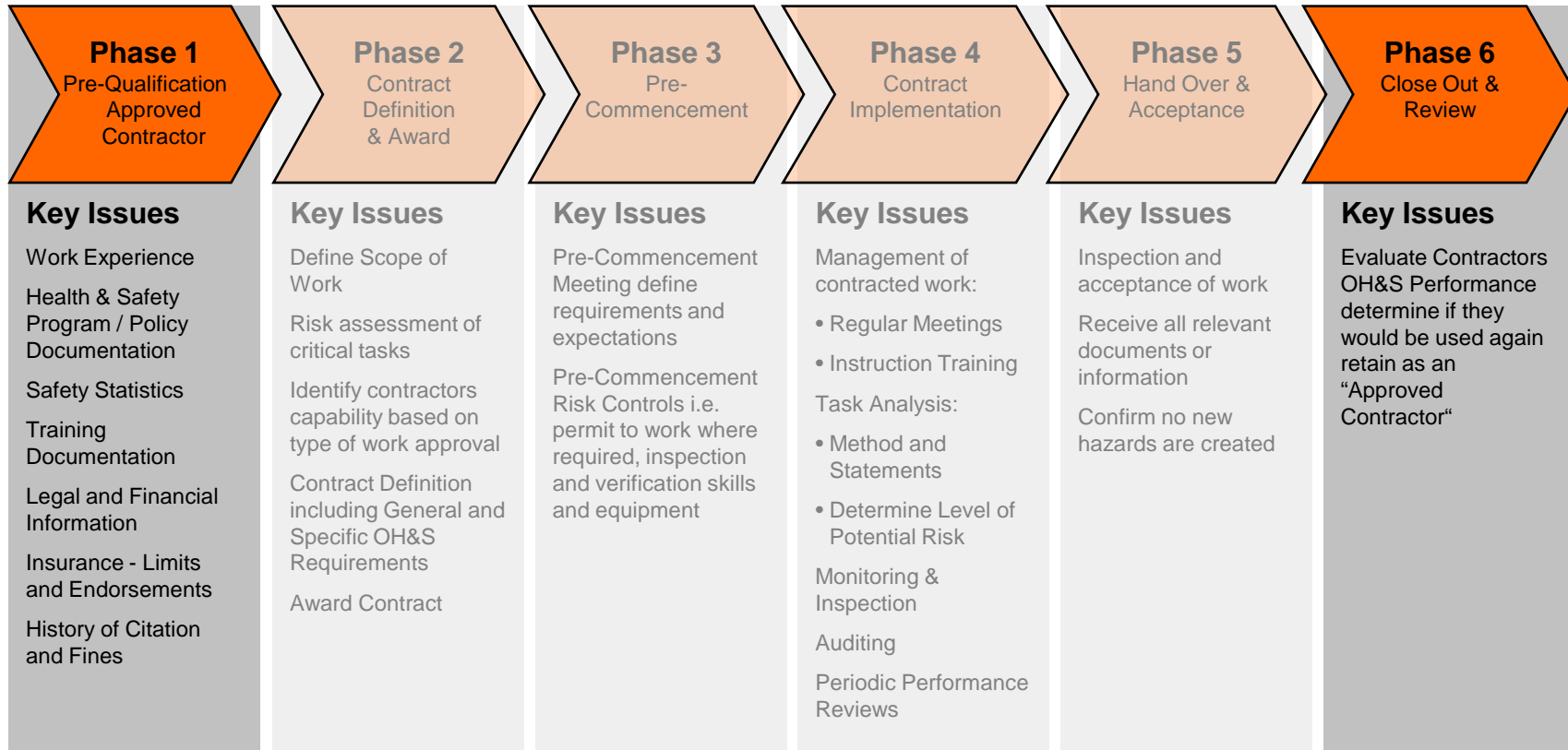
The company requires confirmation that the Contract is completed to the required safety standards, and the handover and acceptance of the completed Contract work includes fulfillment of the required safety criteria.

Phase 6: Contract Close-Out and Review

On completion of the Contract, safety performance, where appropriate, is reviewed by the company with the Contractor to help further improve safety performance in any future Contracts.



Contractor Safety Management



Pilot Projects for Joint Action

CSI-TF3 identified three pilot projects where a joint action will add more value than individual activities:

- 1. Pre-qualification of contractors by third party specialized companies**
- 2. Worker safety passports emissioned by accredited training agencies**
- 3. Outbound logistics handled by contractors**

