Agenda

I. Overview
II. Due Diligence Process
III. Case Study
IV. Benchmarking
V. Questions
Outsourcing and Associated Risk

Why outsource work to Contractors?

- To focus on core competencies
- Free up resources
- Acquire specialized expertise

Data from 41 Companies 84 Countries

EXPLORATION & PRODUCTION
Total Recordables

- Contractors Account for 75% of Man Hours
- Incur 1.5-3 Times more Incidents
ISNetworld Process

Self-Reported Information

Joe’s WELDING
Bobcat Contracting LLC
FLINT
Schlumberger
Veolia Environmental Services

Levels of Information
- Company
- Project
- Individual

Verified Information

ISNetworld Review & Verification Services (RAVS)
- Written Programs
- Accident/Incident Records
- EMR
- WCB
- Training
- Insurance
- Citation/Prosecution Search

Owner Client
- Post Job Evaluation
- Field Feedback
- Working Relationship

3rd Party (Data Providers)
- Training
- D&A and Background Checks
- Audits
- Operator Qualification (OQ)

Customized Owner Client Grading

Chevron
Chevron Status: A

Valero
Valero Status: B

Bristol-Myers Squibb
Bristol-Myers Squibb Status: A - Prequalified
# Over 125 Owner Clients in ISNetworld

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>CLIENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DOWNSTREAM</strong></td>
<td>Celanese, Chevron BRES, Chevron Products Company, Chevron Products Company, NAM, P&amp;FO, CITGO Petroleum Corporation, ConocoPhillips, ExxonMobil Lubricants &amp; Petroleum Specialties Company</td>
</tr>
<tr>
<td><strong>ENVIRONMENTAL</strong></td>
<td>Kerr McGee Gathering LLC, Kinder Morgan, Inc, Koch Pipeline Company- Corporate, LDH Energy, LOOP, LLC, Magellan Midstream, LP, Marathon Pipe Line LLC, NuStar Energy, LP, ONEOK Energy Companies, ONEOK NGL, Petrologistics Olefins, LLC, Plains All American Pipeline, Plains Marketing, Praxair, Questar, Ribot Terminal, LLC, Sem Group, LP, Shell Pipeline Co. LP, Source Gas, Sunoco Logistics Partners, LP, Targa Resources, TransCanada, TransMontaigne, Western Refining, Williams, Williams Gas Pipeline, Wolverine Pipe Line Company</td>
</tr>
<tr>
<td><strong>POWER GENERATION</strong></td>
<td>Flint Hills Resources, Lyondell/Equitar, NCRA/Jayhawk Pipelines, Sinclair Oil Corporation, Sunoco, Terra Industries, Tesoro Refining and Marketing Company, Valero Energy Corporation</td>
</tr>
<tr>
<td><strong>MINING</strong></td>
<td>Chevron EMC</td>
</tr>
<tr>
<td><strong>BIO PHARMA</strong></td>
<td>Covanta Energy</td>
</tr>
<tr>
<td><strong>MANUFACTURING</strong></td>
<td>Chevron Mining</td>
</tr>
<tr>
<td><strong>MANUFACTURING</strong></td>
<td>Amgen, Biogen Idec, Bristol-Myers Squibb, Wyeth, ZymoGenetics</td>
</tr>
<tr>
<td><strong>ENVIRONMENTAL</strong></td>
<td>Georgia-Pacific, US Steel</td>
</tr>
</tbody>
</table>
Over 14,500 Contractors Use ISNetworld
• On average, an ISNetworld member contractor works for 3 Owner Clients in ISNetworld
• ISNetworld has a 90%+ contractor membership renewal rate
Dashboard
Centralized Compliance Tracking and Measurement

My Contractors | Contractors | Job Site/Project Manager | Report Manager | QuickCheck

Dashboard

Dashboard Grade Components

- SCQ-V Grading/Rating 15%
- Safety Program Review (RAVS) 30%
- Post Job Audit 15%
- TRIR - 3 Yr Avg 20%
- EMR - 3 Yr Avg 20%

Contractor Score: 100.00

Scoring Range | Grade
--- | ---
90 - 100 | A - Recommended to use this Contractor.
80 - 89.99 | B - Acceptable to use this Contractor.
70 - 79.99 | C - VP approval required prior to using this Contractor.
0 - 69.99 | F - VP approval required prior to using this Contractor and company escort.

KNOX CONSTRUCTION
DBA Henderson Construction
3001 Knox Street Suite 200 Dallas, TX 75205
Contact: G. Loomis (Additional Contacts)
Phone: (214) 303-4900 Fax: (214) 303-4901

KNOX CONSTRUCTION

Health & Safety
- SCQ: Details (98.08% Completed) (Request Now)
- RAVS OSHA/EMR: Details (Last Review Date: 01/14/2008)
- TRIR: Details (96.28%) (Last Review Date: 02/08/2008)
- Audits: Details
- OSHA Logs: Details
- EMR Letters: Details
- EMR Graph: Details
- Post Job Evaluation: Details

Compliance
- OQ Info: Details (Request Now)
- DOT D&A: Details (01/02/2007 SATISFACTORY)

Procurement
- Insurance: Details
- Contract / Agreement: Details
- Job Bids: Details
- Contracting License: Details

Types of Work

Industry Classifications

Office Locations

Geography Served
Case Study: Chevron Gulf of Mexico

• Universal Grading
  • TRIR 25%
  • Safety Questionnaire 20%
  • Audit 20%
  • Field Feedback Forms 25%
  • Working Relationship 10%

• Employee Guidance
  • A-B – No restrictions
  • C – Mitigation plan and pre-job meeting required
  • D – Mitigation plan, pre-job meeting required; management approval in writing; trained HES person on site during work
  • F – Not allowed to be used; VP approval required
HES Case Study – Chevron Gulf of Mexico Improvement Metrics

• TRIR
  • 2002 – 1.75
  • 2003 – 0.85 (Target 1.60)
  • 2004 – 0.71 (Target 1.27)
  • 2005 – 0.76
  • 2006 – 0.62

• Optimized contractor base by 42%
Leading Indicators
Written Safety Program Reviews

Work Type(s) Performed

<table>
<thead>
<tr>
<th>Work Code</th>
<th>Work Type(s) Performed</th>
<th>Region</th>
<th>RAVS Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.15.4</td>
<td>General Contractor - Tanks - Construction</td>
<td>US</td>
<td>Not Verified by RAVS</td>
</tr>
<tr>
<td>21.10</td>
<td>Retail - Electrical Construction</td>
<td>US</td>
<td>Reviewed by RAVS</td>
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<tr>
<td>103.5</td>
<td>Concrete Construction</td>
<td>Canada - AB</td>
<td>Not Verified by RAVS</td>
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<tr>
<td>110.43</td>
<td>Facility and Site Construction - All electric work</td>
<td>Canada - AB</td>
<td>Not Verified by RAVS</td>
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<tr>
<td>110.38</td>
<td>Facility and Site Construction - Construction and installation</td>
<td>Canada - BC</td>
<td>Not Verified by RAVS</td>
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</tbody>
</table>

HSE Written Program Review Analysis

<table>
<thead>
<tr>
<th>No.</th>
<th>Program Name</th>
<th>Region</th>
<th>Owner Client(s) Requirement</th>
<th>Owner Client Specific Score %</th>
<th>RAVS Review Score %</th>
<th>Document Submitted</th>
<th>Check List</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Abrasive Blasting</td>
<td>US</td>
<td>Required</td>
<td>100</td>
<td>100</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>2.</td>
<td>Asbestos Management / Maintenance Work</td>
<td>US</td>
<td>Required</td>
<td>100</td>
<td>100</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>3.</td>
<td>Assured Equipment Grounding Conductor Program / Ground Fault Circuit Interrupter - (GFCI)</td>
<td>US</td>
<td>Required</td>
<td>100</td>
<td>100</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>4.</td>
<td>Benzene Awareness</td>
<td>US</td>
<td>Required</td>
<td>100</td>
<td>100</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>5.</td>
<td>Bloodborne Pathogens</td>
<td>US</td>
<td>Required</td>
<td>100</td>
<td>100</td>
<td></td>
<td>✔</td>
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<tr>
<td>6.</td>
<td>Confined Space/Permit Confined Space</td>
<td>US</td>
<td>Required</td>
<td>82.35</td>
<td>82.35</td>
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</table>

RAV: 2007-03-10
SUBJECT: Occupational Exposure to Benzene

REGULATORY STANDARD:
- OSHA 29 CFR 1950.1002 - Pre-employment

Benzene affects primarily the respiratory system. Benzene is also a highly flammable liquid. Systemic absorption may cause acute central nervous system effects, including, parosmia, asthenia, and ataxia. Initiation and skin absorption of high concentrations can affect central nervous system function. Absorption of small amounts of liquid benzene immediately causes pulmonary edema and hemorrhage of pulmonary tissue. This causes a serious irritant for exposed workers and their employer. Various OSHA standards include work requirements to ensure that the hazards of toxic and flammable liquids to U.S. workers are evaluated, safety procedures are implemented, and that the proper labeling information is transmitted to all affected employees.

GENERAL: It is a good practice for the employee to undertake good safety practices of all times. This exercise practice instruction is directed to address comprehensively the issues of identifying potential sources of benzene exposure, evaluating the associated potential hazards, communicating information concerning these hazards to our employees, and establishing appropriate procedures, and protective measures for employees.

RESPONSIBILITY: The Aspen Company Safety Officer is the only person responsible for the proper discharge of his duties and has full authority to make necessary decisions to ensure success of the program. The Safety Officer is the only person authorized to amend these procedures, and is authorized to take any action in the company which bears it dangerous of serious personal injury.
Contractors with RAVS compliant safety programs have 25% lower incident rates.

TOTAL RECORDABLE INCIDENT RATE (TRIR) COMPARISON
Contractors with RAVS Compliant Safety Programs vs. Non-Compliant Programs
3,672 Contractors Data, 7/2008

Injury Rate per 100 Employees

2005: 2.00 (90% + RAVS), 2.55 (Non-RAVS Compliant)
2006: 1.69 (90% + RAVS), 1.89 (Non-RAVS Compliant)
2007: 1.59 (90% + RAVS), 2.02 (Non-RAVS Compliant)
3 Year Average: 1.76 (90% + RAVS), 2.15 (Non-RAVS Compliant)
## Key Performance Indicators

**OSHA Log and EMR Statistics**

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>1</td>
<td>Average Number of Employees</td>
<td>100</td>
<td>100</td>
<td>123</td>
<td>123</td>
<td>23</td>
<td>23</td>
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<td>2</td>
<td>Total Number of Exposure or Employee Hits</td>
<td>208000</td>
<td>208100</td>
<td>246000</td>
<td>246000</td>
<td>69274</td>
<td>142373</td>
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<tr>
<td>3</td>
<td>Fatalities</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>4</td>
<td>Total Number of Cases with Days Away from Work</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
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<td>5</td>
<td>Total Number of Cases with Restricted/Job Transfer Work Days</td>
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<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
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<td>6</td>
<td>Total Number of Other Recordable Cases</td>
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<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>-</td>
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<tr>
<td>7</td>
<td>Total Number of Restricted/Job Transfer Work Days</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>0</td>
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<td>8</td>
<td>Total Number of Days Away from Work</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>Experience Modification Rate (EMR)</td>
<td>1</td>
<td>1</td>
<td>0.93</td>
<td>1</td>
<td>0.80</td>
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<td>10</td>
<td>Total Number of Recordable Cases</td>
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<td>1</td>
<td>1</td>
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<tr>
<td>11</td>
<td>Total Recordable Case Incdent Rate - TRIR</td>
<td>1.96</td>
<td>1.96</td>
<td>1.63</td>
<td>1.63</td>
<td>2.88</td>
<td>1.40</td>
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<td>12</td>
<td>Last Time Case (LTC) Rate</td>
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<td>13</td>
<td>Restricted Work Day Case (RWC) Rate</td>
<td>0</td>
<td>0</td>
<td>0.81</td>
<td>0.91</td>
<td>0</td>
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<td>14</td>
<td>Lost Work Day Rate</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3.77</td>
<td>2.61</td>
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<tr>
<td>15</td>
<td>Severity Rate</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
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<table>
<thead>
<tr>
<th>No.</th>
<th>SCQ-V Question</th>
<th>RAVS (Verified)</th>
<th>SCQ-V (Self-Reported)</th>
<th>Details</th>
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<tbody>
<tr>
<td>1</td>
<td>Citation(s) issued within the last three (3) calendar years?</td>
<td>Yes</td>
<td>No</td>
<td>Details</td>
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<td>2</td>
<td>No. Ref./Case No./Citation No.</td>
<td>Agency</td>
<td>Facility/Establishment</td>
<td>Year Issued</td>
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<td>1</td>
<td>308293354</td>
<td>OSHA</td>
<td>Knox Construction</td>
<td>2006</td>
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<td>2</td>
<td>6326123</td>
<td>MSHA</td>
<td>Mining Enterprises Inc. (1110)</td>
<td>2008</td>
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<tr>
<td>3</td>
<td>255644426</td>
<td>EPA</td>
<td>Knox Western Office</td>
<td>2007</td>
</tr>
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</table>

Discrepancies easily identified by automated highlighting
Leading Indicator
Proof of Training Documentation

**T - RAVS**

<table>
<thead>
<tr>
<th>Contractor Name: ISNetworld</th>
<th>ISNetworld Acct. No.: 400-1234</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address: 3001 Knox St #200</td>
<td>Email: <a href="mailto:gloomis@isnetworld.com">gloomis@isnetworld.com</a></td>
</tr>
<tr>
<td>Phone No: 214-303-4900</td>
<td>Overall Score: 75.0006</td>
</tr>
<tr>
<td>Fax No: 214-303-4901</td>
<td>Review Date: 4/2/2007</td>
</tr>
<tr>
<td>Federal ID No: 12245657890</td>
<td>Verification Requested by:</td>
</tr>
<tr>
<td></td>
<td>Loomis, George</td>
</tr>
<tr>
<td></td>
<td>Verification Requested on:</td>
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<td></td>
<td>3/25/2007</td>
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**Instructions**

**FAQ**

**Quick Reference Guide**

**General Training Verification**

<table>
<thead>
<tr>
<th>No.</th>
<th>Training</th>
<th>RAVS Verification</th>
<th>Documents Required</th>
<th>Documents Submitted</th>
<th>Check List</th>
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<tbody>
<tr>
<td>1</td>
<td>Abrasive Blasting Training</td>
<td>Not Submitted</td>
<td>Required</td>
<td>Add</td>
<td>☒</td>
</tr>
<tr>
<td>2</td>
<td>Aerial Lifts Training</td>
<td>Accepted</td>
<td>Required</td>
<td>☑ Add</td>
<td>☑</td>
</tr>
<tr>
<td>3</td>
<td>Benzene Awareness Training</td>
<td>Accepted</td>
<td>Required</td>
<td>☑ Add</td>
<td>☑</td>
</tr>
<tr>
<td>4</td>
<td>Bloodborne Pathogens Training</td>
<td>Accepted</td>
<td>Required</td>
<td>☑ Add</td>
<td>☑</td>
</tr>
<tr>
<td>5</td>
<td>Confined Space/Permit Confined Space Training</td>
<td>Not Submitted</td>
<td>Required</td>
<td>Add</td>
<td>☒</td>
</tr>
<tr>
<td>6</td>
<td>Crane Operator - Onshore Training</td>
<td>Accepted</td>
<td>Required</td>
<td>☑ Add</td>
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</tr>
<tr>
<td>7</td>
<td>Electrical Safety: Qualified/Non Qualified Training</td>
<td>Accepted</td>
<td>Required</td>
<td>☑ Add</td>
<td>☑</td>
</tr>
<tr>
<td>8</td>
<td>Fall Protection Training</td>
<td>Accepted</td>
<td>Required</td>
<td>☑ Add</td>
<td>☑</td>
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<tr>
<td>9</td>
<td>Fire Protection/Extinguishers Training</td>
<td>Accepted</td>
<td>Required</td>
<td>☑ Add</td>
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<tr>
<td>10</td>
<td>First Aid/CPR Training</td>
<td>Accepted</td>
<td>Required</td>
<td>☑ Add</td>
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</table>

**Benzene Awareness Training**

2/12/2008 3:00PM Rm 201
Instructor: G. Loomis, ISNetworld Safety Director

<table>
<thead>
<tr>
<th>Attendees</th>
<th>Signature</th>
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<tbody>
<tr>
<td>G. Loomis II</td>
<td>☑</td>
</tr>
<tr>
<td>Joseph Smith</td>
<td>☑</td>
</tr>
<tr>
<td>Jim Kimmel</td>
<td>☑</td>
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<tr>
<td>Robert DuRant</td>
<td>☑</td>
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<tr>
<td>Peter Sorenski</td>
<td>☑</td>
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<tr>
<td>Jane McCormick</td>
<td>☑</td>
</tr>
</tbody>
</table>

HSE Manager Signature: ☑ G. Loomis

Training Provider Signature: ☑ G. Loomis
Manage Individual Level Information

Employee profile management

Track employee job history

Track individual level data (trainings, drug and alcohol status, etc.)

ISNET WORLD EQ REPORT
Form ID: 600000-AO-E0000001
Run Date: 7/14/2006 4:06:23 PM
Contractor: ISN Demo
Report For: ISN Demo
Job Site: Allentown - Corpus Christi - Beller Room (JS-4)

V is for Verified Data.
NV is for Non-Verified Data.
Benchmarking ISNetworld Contractors Against BLS Industry Averages

**ISNETWORLD CONTRACTOR VS. BLS TRIR RATE COMPARISON**
3 Year Average TRIR (2004-2006), Top 5 NAICS Codes

North American Industry Classification System (NAICS) Code and Name (# Contractors)

- 213112 - Support Activities for Oil & Gas Operations (929) ISN: 2.3 BLS: 2.9
- 23 - Construction (521) ISN: 2.6 BLS: 6.2
- 54133 - Engineering (447) ISN: 0.6 BLS: 1.4
- 23712 - Oil & Gas Pipeline, Related Structures Construction (398) ISN: 2.5 BLS: 4.7
- 237821 - Electrical Contractors (273) ISN: 2.4 BLS: 6.0

What Gets Measured, Gets Done

- EMR trend shows steady decline for each additional year of use

- TRIR shows dramatic decreases for contractors subscribed 2 or more years
ISNetworld Contact

• Rory Callaghan
  – (214) 303-4946 Direct
  – RCallaghan@ISNetworld.com

• Melanie Gordon
  – (214) 303-4936 Direct
  – MGordon@ISNetworld.com
ISNetworld
Contractor Management
Best Practices
September 26, 2008
Atlantic Alliance Symposium