

CONTRACTOR and COMPANY SAFETY PERFORMANCE: ENHANCING THE PARTNERSHIP

Annual API Pipeline Conference

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Best Practices Categories

- Senior Management Involvement
- Ownership & Accountability of Safety
- Leveraging Lessons Learned
- Contracting Tools for Safety

Senior Management Involvement

- Senior Management Commitment
 - Safety of all employees (operator or contractor) is equal
- Executive Safety Board
 - Participation of Operator and Contractor executives
 - Recurring forum to discuss issues, share successes, set strategy for continual improvement

Ownership & Accountability for Safety

- “Locally Owned & Operated”
 - Set expectations
 - Approve and oversee work (e.g., pre-approved work plans)
 - Work jointly with Contractors in preparing Work Permits, JSA’s, Observations, etc...
 - Fit-For-Purpose Short Service Employee programs

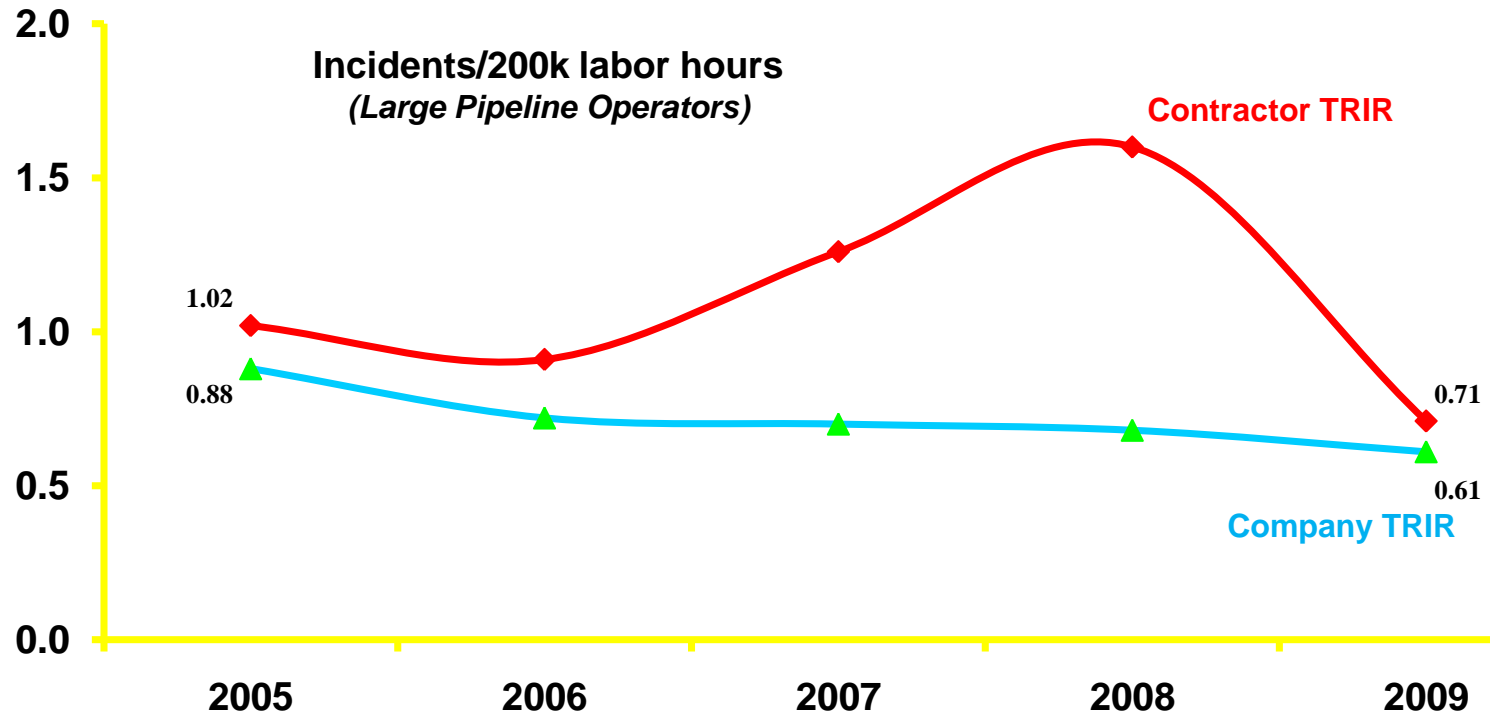
Leveraging Lessons Learned

- Cultivate a culture of sharing
 - Not a trade secret or competitive advantage
- Periodic Incident Review Boards
 - Participation by all contractors
 - Gain commitment for action
- Actively Communicate
 - Alerts, Bulletins, Lessons Learned

Contracting Tools for Safety

- Formal vetting process
 - Establish minimum standards of performance
- Recurring Contractor performance reviews
 - Requisite safety improvement process (e.g., probationary status)
- Contractual incentives (+/-)
 - Overall Safety performance (e.g., profit at risk, contract extensions, work scope adjustments)
- Use of 3rd party services to qualify contractors and track H&S data

Company and Contractor TRIR (2005 – 2009)



Source: API Safety Performance Metrics

Areas for Improvement

- Pre-Approval of Contractors
- Contractor Ownership
- Improved Lines of Communication with Contractors
- Tracking / Verifying Subcontractors
- Independent or Third Party Site Safety Inspectors

Pre-Approval of Contractors

- Enhance processes to allow companies to evaluate contractors for proper consideration for type work being performed
- Having an effective post-job review of contractor's work performance
- Better method to determine base line knowledge of contractor's employees
- Standardize the vetting process

Contractor Ownership

- Opportunity for Contractors take more ownership of compliance issues so there is less policing on company's part
- Starts with competency of the task and well-trained work force
- Bring the best to the job site

Contractor Ownership

- Short Service Worker - 6 months minimum / mentoring program
- Validation / verification of the Contractors' Behavior Based Safety Program
- Company acceptance of Risk Tolerant Behavior / Safety Attitude

Improved Lines of Communication

- Enhance communication of current and change to company policies
- Contractors understanding company policies, contracts and accompanying exhibits
- Ensure contractor understand and abide by company's safety expectations
- Share lessons learned from past incidents. Embrace best practices.

Improved Lines of Communication

- Required attendance by a contractor's foreman/supervisor/inspectors at company-sponsored workshops
- More face time by Company H&S and its management personnel with contractors at job sites
- More direct engagement from company employees with contractor's front line supervisors/foreman

Improved Lines of Communication

- ‘No Fear Zone.’ Recognize & report unsafe behaviors before an incident occurs
- Adopt a “Stop the Job” expectation
- Both Parties should conduct site safety assessments/audits/observations in a timely manner and with corrective feedback

Tracking / Verifying Subcontractors

- Responsibility is on the prime contractor emphasis with smaller contractors to ensure they understand company safety requirements
- Identify a system to validate subcontractors are trained and qualified to perform tasks
- Enhanced contractor management / oversight of subcontractors

Independent or Third Party Site Safety Inspectors

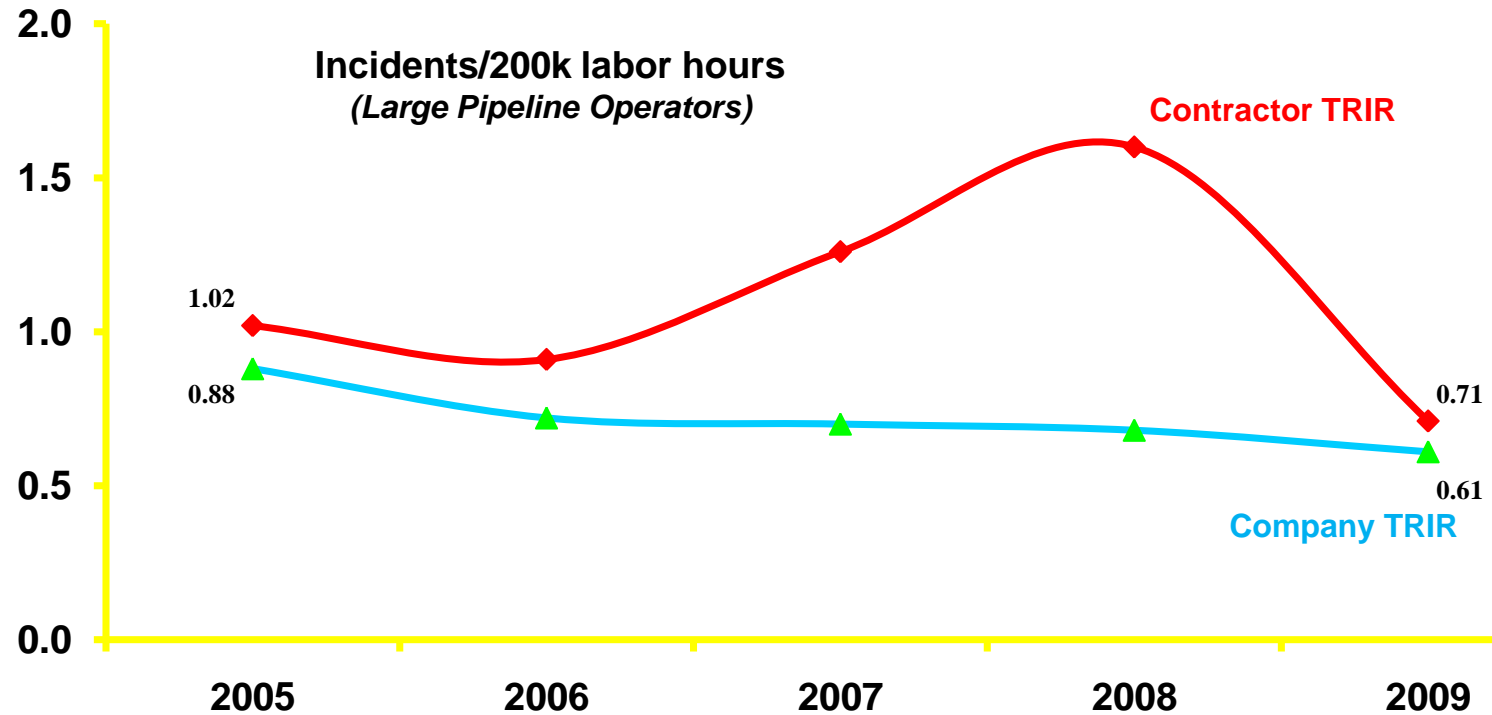
- Enhanced orientation of company contracted inspectors who oversee projects that contractors meeting safety expectations of company
- Improvements to qualify third party inspectors
- Introduce an independent safety auditor to review the SSI

Going Forth

What do we do now ?

Let's ask our panelists

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Source: API Safety Performance Metrics