

# Contractor Selection and Management

## I PURPOSE

To manage business risk associated with the use of contractors by providing a systematic approach for selecting, orientating, and monitoring contractor performance, and to ensure that contractors and contract personnel comply with the COMPANY standards and contract conditions.

## 2 SCOPE

This procedure applies to all functional areas, operations, offices, including employees, vendors, visitors and contractors within the scope of the Integrated Management System (IMS).

## 3 DEFINITIONS AND ACRONYMS

### Definitions

**General Services Agreement** is a contract whereby the contractor undertakes high or extreme risk activities and operates within its own management system, which has been reviewed and accepted by the operation.

**Service Order** is a contractor that provides a service, or a supply of goods, to the operations.

**Small Scale Agreement** is a contract or contractor that generally undertakes medium risk activities at an operation and either has been inducted into and works within the operations Integrated Management System or has its own management system, which has been reviewed and approved by the operation.

### Acronyms

<b>EMR</b>	Environmental Management Representative
<b>ERP</b>	Enterprise Resource Planning
<b>ESR</b>	Environmental and Social Responsibility
<b>GMO</b>	General Manager of Operations
<b>HMR</b>	HSLP Management Representative
<b>HSLP</b>	Health, Safety and Loss Prevention
<b>IMS</b>	Integrated Management System
<b>KPI</b>	Key Performance Indicators
<b>MSDS</b>	Material Safety Data Sheets
<b>MSHA</b>	Mine Safety and Health Administration

<b>NALT</b>	North America Leadership Team
<b>PPE</b>	Personal Protective Equipment
<b>RFP</b>	Request for Proposal
<b>SCM</b>	Supply Chain Management
<b>SEM</b>	Site Senior Environmental Managers

## 4 ROLES AND RESPONSIBILITIES

### Document Owner

The EMR and HMR

### Responsible Roles and Position-Holders

**Competent Personnel** are person(s) assigned by the Technical/Owner Representative to inspect contractor's equipment.

**Contract Administrator** is a person assigned to represent SCM on the contract.

**Contractor** is the entity contracting with the COMPANY.

**Contractor Representative** is the person assigned by the contractor to represent the contractor's interests in the contract.

**Technical/Owner Representative** is the person assigned by the COMPANY department requiring the contracted service and who has completed Owner Representative Competency training and is responsible for ensuring that contractor's Environmental, Safety and Health performance is periodically reviewed.

**ESR Representative** is the person assigned by ESR to represent its interest in the contract and can be any COMPANY employee working under and including the Regional Director of ESR. They are responsible for periodically auditing for compliance to this procedure and to be familiar with the COMPANY's contractor selection and management processes; including roles and responsibilities assigned to the SCM, ESR and HSLP departments, the Owner Representative and the Contractor as they relate to:

- a Contractor Request for Proposal (RFP) and Capability Evaluation
- b Prequalification and ranking of Suppliers
- c Contract Award and Conditions
- d Pre-Commencement and Mobilization
- e Contractor Performance and Evaluation

**HSLP Representative** is the person assigned by HSLP to represent its interests in the contract and can be any COMPANY employee working under and including the Regional Director of HSLP. They are responsible for periodically auditing for compliance to this procedure and to be familiar with the COMPANY's contractor selection and management processes; including roles and responsibilities assigned to the SCM, ESR and HSLP departments, the Owner Representative and the Contractor as they relate to:

- a Contractor Request for Proposal (RFP) and Capability Evaluation

- b** Prequalification and ranking of Suppliers
- c** Contract Award and Conditions
- d** Pre-Commencement and Mobilization
- e** Contractor Performance and Evaluation

**North American Leadership Team (NALT)** are COMPANY employees with responsibilities for managing all operations at a regional level. They ensure sufficient resources are available to develop, implement and maintain effective contractor selection and management processes across the Region.

**General Manager Operations (GMOs)** are COMPANY employees with the responsibility of managing all operations at a site. They provide staff and financial resources to effectively manage contractor selection and management processes at the operating sites.

**Functional/Operational Managers** are COMPANY employees with responsibilities for managing operations at a site functional level. They are familiar with the COMPANY's contractor selection and management processes; including roles and responsibilities assigned to the SCM, ESR and HSLP departments, the Owner Representative and the Contractor as they relate to:

- a** Contractor Request for Proposal (RFP) and Capability Evaluation
- b** Prequalification and ranking of Suppliers
- c** Contract Award and Conditions
- d** Pre-Commencement and Mobilization
- e** Contractor Performance and Evaluation

**HSLP/ESR Regional Management** are COMPANY employees with responsibilities for managing functional operations at a regional level and assist SCM in development and maintenance of the contractor selection and management processes for the COMPANY in accordance with the requirements of the IMS. They ensure that periodic internal audits are conducted on contractor selection and management processes and assist sites in the use of auditing and risk assessment tools used to evaluate contractor performance. They provide recommendations on Key Performance Indicators (KPI) and any special conditions required to manage contract-associated risk.

**Superintendents/Foremen/Supervisors or their Designees** can be any COMPANY employee who has contractors or vendors working in their areas of responsibility. They attend regular coordination and performance monitoring meetings and are familiar with the COMPANY's contractor selection and management processes; including roles and responsibilities assigned to the SCM, ESR and HSLP departments, the Owner Representative and the Contractor as they relate to:

- a** Contract Award and Conditions
- b** Pre-Commencement and Mobilization
- c** Contractor Performance and Evaluation

**Employees/Contractor/Consultant** are all employees in any position whether COMPANY, contracted, vendor, or consultant working on any COMPANY site. They are responsible for ensuring that they and their employees comply with the requirements as outlined in this

procedure and are familiar with the COMPANY's contractor selection and management processes including roles and responsibilities assigned to the SCM, ESR and HSLP departments, Owner Representatives and Contractors.

**Suppliers** are a company/vendor who provides parts or services to the COMPANY and who subscribe as required to the applicable vendor management processes.

**SCM Department** are COMPANY employees with responsibilities to develop, implement, and review the COMPANY's contractor selection and management process in consultation with all functional departments. They maintain a current register of all contracts and have a working understanding of the COMPANY's contractor selection and management processes; including roles and responsibilities assigned to the SCM, ESR and HSLP departments, the Owner Representative and the Contractor as they relate to:

- a Contractor Request for Proposal (RFP) and Capability Evaluation
- b Prequalification and ranking of Suppliers
- c Contract Award and Conditions
- d Pre-Commencement and Mobilization
- e Contractor Performance and Evaluation

**Learning & Development Department** are COMPANY employees with responsibilities to provide materials and assist in the training of Owner Representatives regarding HSLP and ESR responsibilities and competencies.

## 5 DIRECTION

All employees, vendors, contractors, and visitors traveling/working on site shall comply with and ensure personnel accountable to them comply with the following requirements of this procedure.

### **The Technical/Owner Representative**

Complete Owner Representative Competency Training.

Obtain and verify certificates of currency related to insurances.

Understand pre-qualification and ranking of Suppliers.

Ensure all equipment used by contractors is inspected prior to use.

Attend regular coordination and performance monitoring meetings.

Conduct monitoring of contractor performance in the field. (see appendix 1 for full list of Owner Representative responsibilities)

### **The Contractor Administrator**

Understand subscription, pre-qualification, and ranking of Suppliers.

Obtain and verify certificates of currency related to insurances; verify through the contracted service provider's database that the contractor is in compliance for certificates of currency

related to insurances, performance Safety data, training records, etc. and this is maintained as current throughout the contract.

Ensure the Environment Policies for Contractors and Vendors and the HSLP Manual are appended to each contract.

Attend regular coordination and performance monitoring meetings.

Conduct monitoring of contractor performance in the field.

### **The Contractor Representative**

Ensure a risk assessment and, where required, a subsequent corrective action plan is prepared and submitted for review to the Technical Representative prior to the Contractor mobilization to site or prior to work commencing. This review may involve input from other departments.

### **HSLP**

Assist in the training of Owner Representatives as to the use of auditing and screening tools and their understanding of safety and environmental management requirements of the site.

Through the Owner Representatives, provide contractors with any safety and environmental documentation they require to help them successfully fulfill their contractual obligations.

Participate, as required, in any safety and environmental inspections of the contractors work area.

Conduct audits focusing on safety and environmental aspects of the contractors work area.

Participate and assist the Owner Representatives in conducting incident and accident investigations.

Assist the Owner Representatives and Contractor Representatives in reviewing Contractor processes and procedures, and JSA's relevant to specific high risk areas.

### **Pre Award**

#### **Contract Request**

Once the need to engage a contractor is determined, a requisition is entered into the ERP system. The request captures the information required for budgetary approval decisions and, if approved, for the Contract Administrators to commence development of a draft contract and associated documentation.

- a** The Contract Administrators will ask for the Change Management or Risk Assessment forms to identify the associated risks of the service job.
- b** The Contract Administrators will identify the Contract Classification based on the information provided by the requestor and utilize the appropriate standard contract template.

### **Contract request for proposal and Capability Evaluation Process**

- a** Contractors will be evaluated financially and to predict their ability to satisfactorily complete the work in line with the COMPANY's requirements, the Owner and ESR & HSLP standards prior to being awarded contracts.
- b** The COMPANY will evaluate each contractor's pre-qualification and verification. Then, the contractors will be ranked according to a predetermined questionnaire, weighting and verification process against the COMPANY criteria.
- c** Suppliers are required to submit the following information prior to consideration:
  - Insurance information
  - Injury/incident statistics
  - Legislative infringement and improvement notices
  - Accident and Incident reporting
  - Hazard identification and risk assessment
  - Line management training
  - Inspections
  - Business ESR/HSLP organization
  - Documented ESR/HSLP management system
  - Training and competency records
  - ESR/HSLP Communications and Meetings
  - Environmental Management
  - Community Relations Management
  - Previous contract performance for the COMPANY
- d** Request for Proposals will include standard information to be provided by the contractor in response to the COMPANY's requirements dependent on the contract classification. This information will be gathered by use of standard questionnaires based on the contract classification. Information required may include:
  - Scope of Works which include ESR/HSLP Requirements
  - Contract high level Risk Assessment
  - Contract "Work Methodology Statement"
  - Contract "ESR/HSLP Management Plans"
  - Financial information (Schedule of Rates)
- e** The Contract Administrators are responsible for facilitating the initial collection of information and completing the contractor evaluation process; using standard Contractor Evaluation templates, in consultation with the Owner Representative and functional area representatives, where required. The results of the evaluation feed into the Recommendation for Award.

## **Contractor Category Classification**

Contracts are classified according to the Business, Financial, ESR and HSLP risks associated with the contract service.

- a** The Contract Administrator is responsible for determining the contract classification based on the associated risks and exposure of contractor.
- b** Three levels of contract classification exist:
  - General/Engineering Services Agreement
  - Small Scale Agreement
  - Service Order Terms and Conditions.

### **1 General Services Agreement (High Risk)**

Contractors operating under a General Services Agreement shall be pre-qualified. An example of this type of category may be a construction project involving a specialist management team to complete the construction project. The project will operate under its own Management system, reviewed and approved by the COMPANY and subject to primacy of the COMPANY contractor management requirements.

### **2 Small Scale Agreement (Medium Risk)**

Contractors operating under a Short-Form contract shall be pre-qualified. For example; a small to medium size firm is contracted to provide on-site electrical work. The contracting firm adopts the operations integrated management system and has been inducted and trained in accordance with this system; or they have their own management system that is compatible with the existing operations systems. These contracts or contractors generally undertake medium risk activities at an operation and either:

- Have been inducted into and works within the operations Integrated Management System. These contractors require assessment to ensure that they will operate in compliance with the operation's existing system; or
- Have own management system, which is reviewed and approved prior to commencing work. These contractors require a detailed gap analysis and audit to ensure their management system is comprehensive, documented and effectively implemented and bridged to the existing operation's system or the COMPANY's operating systems.

### **3 Service Order (Low Risk) – Contracts for Services and Supply of Goods**

These contractors provide a service or a supply of goods to the operations and generally operate in low risk activities or minimum or isolated exposure activities.

## **Scope of Work – Requirements**

It is the responsibility of the Contract Requestor to prepare the Scope of Work including the ESR/HSLP requirements. ESR/HSLP requirements include:

- The inherent hazards associated with the work to be undertaken
- The inherent hazards associated with the work environment

- The mandatory ESR and HSLP procedures and practices required of the contractor
- Applicable Discipline Specific Standards

### **Contract Work Risk Assessment**

RFPs that fall within high or medium risk will require a Risk Assessment on the contract Scope of Work as part of the RFP submission. The risk assessment details each part of the contract work and the associated risks that may be encountered during the term of the contract. The risk assessment includes:

- Objective of the Risk Assessment
- Process steps of the contract activities
- Ranking of the risk based on consequence and likelihood
- Intended control measures to mitigate the risk
- Residual risk
- Improvement Opportunities

A contractor may carry out the risk assessment utilizing their own company risk assessment tools. Alternatively, the contractor may submit the risk assessment using the applicable COMPANY Risk Register Template.

### **Contract Work Methodology Statement**

All contractors will include a work methodology statement as part of the RFP submission detailing the intended work methodology for completing the contract and addressing controls to mitigate risks identified during the risk assessment.

High Risk contracts shall provide a more extensive submission; addressing all risks associated with the contract works. The work methodology statement shall form part of the ESR/HSLP Management Plan submission for all High Risk contracts and is to be approved by the Site Owner Representative.

### **Contract Work HSLP/ESR Management Plan**

Contractors working under General Service and Small Scale Contracts are required to submit their HSLP/ESR Management Plans based on the Scope of Work and Work Methodology Statement, for evaluation as part of the RFP submission.

These plans shall be evaluated by the Site Owner Representative, the ESR and HSLP operational representatives (where required) as part of the RFP evaluation process. High Risk management plans require formal sign-off from the ESR and HSLP departments.

### **Minimum PPE Requirements**

All contractors, vendors, suppliers and delivery personnel will have at a minimum, Hard Hat, Safety Glasses, Safety Shoes and reflective vests.

The site PPE requirements shall be made available to all contractors.

The Contract Administrator will provide the Site PPE Standards immediately following award of the contract to enable the contractor to obtain the appropriate PPE prior to mobilization.



The Owner Representative will be responsible to ensure proper PPE is utilized at site prior to commencement of work.

### **Contract Execution**

Contract execution is required to formalize the contract and have it approved by an authorized person from the COMPANY and the contracting company. It is the Contract Administrator's responsibility to coordinate the contract execution process. Contract must be executed prior to commencement of work being performed on-site.

### **Post Award**

#### **Pre-Commencement and Mobilization**

##### **a Contract Summary Document**

A contract Work Order document should be created by the Contract Administrator and provided to the Owner Representative for all Services Agreements immediately following Contract Execution

##### **b Site Information**

Owner Representative provides site specific information to the contractor immediately post award of the contract. Site Information contains information relevant to working and operating at the site or sites in question.

##### **c Contractor working under their own management system**

- 1** On awarding a contract, where the contractor will be working under their own management systems, approval must be obtained by the Owner Representative, HSLP and ESR functional representatives prior to the contractor commencing work on site.
- 2** A gap analysis shall compare all elements of the COMPANY's IMS against the contractors Management System, with an action plan developed by the Contractor to address inadequacies identified.

##### **d Site Entry Requirements**

Contractors must complete standard site entry requirements which include MSHA comprehensive training, Annual Refresher Training, and site specific training, and must have an executed agreement prior to entering an operation. It is the Owner Representative's responsibility to ensure standard site entry requirements are completed in order to be able to bring contractors on site.

##### **e Change Management/Risk Assessments and Follow-up Action Plans**

- 1** It is the Owner Representative's responsibility to ensure a change management/ risk assessment is completed for all contract work.
- 2** The detail of the risk assessment will be determined by the size and hazards of the work being completed.
- 3** The risk assessment is to detail each part of the contract work and the associated risks that may be encountered during the term of the contract.

- 4 The risk assessment includes:
  - Names of attendees of Risk Assessment
  - Completion of Change Management form
  - Objective of the Risk Assessment
  - Process steps of the contract activities
  - Ranking of the risk based on consequence and likelihood
  - Intended control measures to mitigate the risk
  - Residual risk
  - Improvement Opportunities
- 5 Risks considered must include HSLP and ESR as a minimum.
- 6 Appropriate attendees including functional representatives from the operation must be included in the assessment.
- 7 Where required and based on risk, additional reviewers shall be involved in the risk assessment, or shall review the completed risk assessment.

**f Kick-Off Meeting**

A kick-off meeting will be held between the Contractor, Owner Representative and other functional representatives for the purpose of reviewing the contract work, management systems, establishing reporting relationships, communications strategies and review status of mobilization requirements. It is SCM's responsibility to arrange the kick-off meeting.

**g Equipment and Materials**

- 1 All equipment and tools; including light vehicles, used by the contractor shall be inspected prior to use at the work site.
- 2 Site specific processes will be used and, at a minimum, equipment along with associated licenses, permits, and maintenance records should be presented to the Owners Representative for inspection and approval prior to operation of the equipment on site.
- 3 All identified deficiencies shall be corrected prior to equipment use and operation.
- 4 It is the Owner Representative's responsibility to ensure all equipment being used by the contractor meets the required standard and is inspected and approved prior to use.

**h Chemicals and Hazardous Substances**

Prior to bringing any chemicals or hazardous substances on-site, the contractor must have approval from the Owners Representative.

**i Contractor Training and Certifications**

- 1 The Contractor Representative is responsible for ensuring contractor personnel are licensed and certified as required by law, including all mining industry, safety

and engineering certifications, and are qualified, competent, skilled, and fit to perform the Services for which they are contracted.

- 2 Training records and licenses will be verified by the Contractor Representative
- 3 All Contractors providing work on site will ensure certificates (MSHA 5000-23 or other) are readily available upon request to the Owner Representative.

#### **j Standard Operating / Task Procedures**

- 1 For identified High Risk Tasks, all contractors will have Job Safety Analyses (JSA's) or Standard Operating Procedures (SOP's) and make readily available to the Owners Representative upon request.
- 2 The Owner Representative shall review with functional representatives as required.

#### **k Site Communication of Contract Activities**

It is the responsibility of the Owner Representative to ensure relevant personnel are appropriately notified of initial and ongoing contractor activities which are likely to impact site personnel and operations.

### **Contractor Performance Management and Evaluation**

The Owner Representative is responsible for the day-to-day management of the contractor. The Owner Representative or designee must be located at the site where the work is being performed. They ensure the contractor ESR/HSLP performance is periodically reviewed, and they provide guidance on the frequency and content of the performance review meetings. The Owner Representative is responsible for ensuring the following programs are in place and effective:

- Direction of work
- Workplace inspections
- Contractor Auditing
- Contractor Reporting
- Project and Contractor Review meetings

#### **1 Direction of Work**

The Owner Representative, in conjunction with the Contractor Representative, is responsible for direction of work. This is to occur through formal and informal processes; including meetings, work plans, schedules, review of JSA's for specific tasks, and general area walkthrough/oversight.

#### **2 Workplace Inspections**

The Owner Representative and Contractor Representative conduct regular workplace inspections as defined in the COMPANY's Standard – Workplace Inspections. These inspections are recorded and available for audit and verification. HSLP and ESR site personnel will participate in workplace inspections as required.

#### **3 Contractor Auditing**

The Owner Representative, in consultation with the ESR/HSLP department, may

perform an audit to determine the contractor's conformance with the requirements of their Management Systems.

#### **4 Contractor Reporting**

Contractors are required to report ESR/HSLP statistics to the Owners Representative including but not limited to:

- Accident / incident statistics
- Hours of work completed by contract personal at the operation
- Training and competency status
- Risk assessments undertaken
- Corrective actions closed
- Audits completed
- Workplace Inspections completed
- Performance against agreed Key Performance Indicators (KPI's)
- Other items that may be required

#### **5 Contract Meetings**

Regular Project/Contract Meetings will be held with all Contractors to ensure adequate communications. These meetings include the Contractor and the Owner Representative as a minimum, and functional area representation as required. All contractors participate in other HSLP, ESR and Pre-shift meetings, etc. as determined by the Owners Representative.

#### **Contract Close-Out**

- Contract close-out is required at the completion of every contract.
- Close-out involves formally agreeing and documenting that all obligations and requirements as outlined in the contract have been fully completed and that the contract is no longer in effect.
- Not all contracts will require every item to be completed but the list should be used as the basis for close-out.
- Basic requirements include Certificates of Practical Completion, Punch lists, Final Release Form and Contract Close-out Reports.
- A Vendor Evaluation should also be completed for all contracts.
- Contractor work areas must be inspected by the ESR department and close out actions identified prior to finalization of payments to the Contractor.
- In the event that the Contractor does not complete these requirements, the cost of cleanup of the area may be deducted from final contract payment in accordance with agreed contract conditions.
- The close-out requirements are the responsibility of the Owner Representative in consultation with and assistance from the Contracts Administrator.