

VERO ENERGY INC.

Section 6 – Contractor Selection



Table of Contents

6.0 CONTRACTOR SELECTION & REQUIREMENTS.....	3
6.1 PURPOSE	3
6.2 RESPONSIBILITIES.....	3
6.3 STANDARDS.....	3
6.4 IMPLEMENTATION.....	4
6.4.1 CONTRACTORS RESPONSIBILITY.....	4
6.4.2 GENERAL SAFETY REQUIREMENTS FOR CONTRACTORS.....	4
6.5 MONITORING	7
6.6 REVIEW/FOLLOW UP.....	7

6.0 CONTRACTOR SELECTION & REQUIREMENTS

6.1 PURPOSE

Why do we need to do this?

This section is intended to be used for the selection of contractors and to make them aware of Vero Energy Inc.'s safety expectations. This information in this section should be provided for all new and perspective contractors.

Contractors should be selected based upon their past related experience, the training and competency of their employees, the resources they are able to bring to the worksite and their past loss experience.

Each new contract company hired to provide a service to Vero Energy Inc. must have the required safety initiatives in place and their loss record must be acceptable. The Vero Energy Inc. management team should consider the safety requirements as a priority, equal to the cost of the quote submitted by the contractor.

Note: The contractor must have a safety program in place with a safety manual and either possess a Certificate of Recognition (COR) or be in the process of obtaining a COR.

6.2 RESPONSIBILITIES

Who has to do this?

Contractors are responsible for cooperating fully with the prime contractor and/or company to ensure safety at the workplace. The contractor must also fulfill its obligation as an employer on behalf of its own workers and any sub-contractors who may be present on the worksite.

Contractors representing the prime contractor in a supervisory role must confirm that the work performed by sub-contractors complies with Vero Energy Inc.'s instructions and requirements and is conducted in a competent and safe manner.

Contractors are responsible for understanding and implementing of properly planned safety procedures and/or codes of practice required by regulation and/or Paramount, and that their workers and sub-contractors are competently trained and experienced to perform the specified work.

6.3 STANDARDS

Where does it say we have to do this?

OHS Legislation:

Alberta OHS Act

Section One – Defines Employer, Prime Contractor, Contractor, Worker and Supplier

Section Two – Describes responsibilities of employers, contractors, workers and suppliers.

6.4 IMPLEMENTATION

How will we make sure this is put into place?

6.4.1 CONTRACTORS RESPONSIBILITY

Contractors and/or contractor companies hired to provide services for Vero Energy Inc. shall:

- ❖ Comply with all applicable provincial and federal legislation governing the work being performed for Vero Energy Inc..
- ❖ Comply with all of Vero Energy Inc.'s Safety Program Standards (Section 6.3).
- ❖ Supply proof of coverage from the applicable provincial Workers' Compensation Board, Certificate of Insurance and Consent of Surety indicating availability of bonding.
- ❖ Be required to act as "Employer" on Vero Energy Inc.'s behalf as identified as the "Prime Contractor" in Alberta's OH&S Act Sections 3.
- ❖ These legislative obligations require that all employees and sub-contractors are aware of and comply with the acts and their associated regulations in addition to all of Vero Energy Inc.'s safety requirements.
- ❖ Prime contractors shall possess ultimate authority for the implementation of required safety programs. Compliance to these requirements will be occasionally audited by Vero Energy Inc. management to ensure compliance.

6.4.2 GENERAL SAFETY REQUIREMENTS FOR CONTRACTORS

- ❖ The contractor shall comply with all federal, provincial and local government laws and regulations, as well as the Vero Energy Inc. safety program requirements.
- ❖ It shall be the contractor's responsibility to become fully acquainted with applicable safety and health laws and regulations prior to commencing work.
- ❖ The contractor and any sub-contractor or agent shall inform Vero Energy Inc. of any notices, warnings or orders issued by any government agencies relative to the contracted work. In addition, the contractor shall immediately report governmental inspections, and the results of these inspections, to the owner's representative. Where advance notice is given of an inspection, the contractor shall report it to the site representative.
- ❖ The contractor shall take all necessary precautions to keep the worksite free from recognized hazards that are likely to cause injury, death, illness or damage to property or equipment.
- ❖ The contractor shall adhere to all legally mandated and industry accepted practices of safety and workmanship, and to site safety standards or job work rules. This will enable the contractor to avoid injury to workers and others, as well as damage to equipment, materials and property. Vero Energy Inc. may suspend work at any time or terminate the contract for a pattern of frequent failure to adhere to safety laws and regulations, or to the owner's established on-site safety procedures.
- ❖ Vero Energy Inc. may deny access to the site by the contractor and its employees if, in Vero Energy Inc.'s sole judgement, such action is justified on the basis of safety.
- ❖ The contractor shall allow the owner or its representative to enter the worksite to audit for compliance within the terms of the contract.

- ❖ The contractor agrees to maintain current records covering safety training for employees working on the project for the duration of the contract and agrees to make these records available to Vero Energy Inc. for review, if requested.
- ❖ The contractor will retain, on site, a competent supervisor or lead hand, all satisfactory to the owner. The supervisor shall represent the contractor and directions given to him shall be as binding as if given to the contractor.
- ❖ The contractor will supply to the owner, and maintain current, a list of all supervisory personnel.
- ❖ The contractor will ensure that all workers are competent to perform their assigned tasks.
- ❖ Contractors will supply proof of coverage from the applicable provincial Workers' Compensation Board, Certificate of Insurance and Consent of Surety indicating availability of bonding.
- ❖ The contractor will state days of the week and the hours per day during which the work shall be performed.
- ❖ The contractor must be aware of, and be completely familiar with, Vero Energy Inc.'s Emergency Response Plan and be ready to react to an emergency situation.
- ❖ The contractor will cause the least possible inconvenience to the public and private individuals in the vicinity of the work and will render them all reasonable assistance wherever so required. The contractor shall avoid excessive noise, dust, speeding, road damage, pollutants and noxious smells.
- ❖ The contractor will not permit any materials, stones or rubbish to be deposited or remain upon any private grounds without first obtaining the owner's consent, nor will he permit any unnecessary obstruction anywhere. The contractor will provide and maintain all necessary signs, signals, crosswalks and bridges for the safety, convenience and protection of the public.
- ❖ The contractor agrees to indemnify the owner against all penalties incurred by reason of non-observance of any provisions, regulations or orders.
- ❖ Before proceeding with any work on the existing facilities, the contractor shall obtain the approval of the designated site representative.
- ❖ It shall be the contractor's responsibility to ensure that safe working conditions prevail at all times work is in progress.
- ❖ Notwithstanding the foregoing, the owner reserves the right to have the owner's appointed representative suspend work at any time, whether it be because of the presence of a hazard or to check the possibility of the presence of a hazard.
- ❖ Reports of all accidents shall be submitted in writing within twenty-four hours and shall include the following:
 - Name of facility.
 - Location.
 - Date of accident.
 - Name and address of contractor.
 - Name and address of person injured.
 - Job description of person injured.
 - Description of accident.
 - Description of device or equipment damaged or involved in accident.
 - Action taken.
 - Name and title (if any) of person submitting report.
 - Remarks.
 - Basic and underlying causes.

- ❖ The contractor shall provide all labour, equipment, supplies and supervision required for completion of the work and all else, including safety equipment, personal protective equipment and first aid services and supplies necessary for, or incidental to, the proper execution of the work unless specifically noted otherwise.
- ❖ The contractor is required to cooperate fully with Vero Energy Inc., other contractors and sub-contractors performing other work in or near the worksite. The contractor must coordinate their work plans with the other contractors to prevent interference with the operations, to share information and to ensure that conflicting activities do not create hazards.
- ❖ The contractor must obey a stop work order immediately and take such remedial action as is considered necessary to eliminate or reduce the hazard to an acceptable level. Neither the giving nor carrying out of such orders shall entitle the contractor to extra payment.
- ❖ The contractor shall ensure that safe, efficient, careful, qualified, skilled and competent workers, using only safe, suitable and approved tools, material, equipment and procedures perform the work.

Hazard Recognition & Control

Routine, planned inspections shall be performed on a schedule appropriate to the activity level (minimum monthly). Both supervisors and workers shall be involved in worksite inspections. A checklist shall be used that is appropriate to the activity at the worksite. Deficiencies must be recorded and followed up on in an appropriate and timely manner.

Hazards and employee concerns shall be reported immediately, corrected appropriately and quickly.

Supervisors shall routinely observe, commend or correct workers work habits and compliance to minimum safety standards.

Rules and Work Procedures

Written rules and work procedures shall be provided for contractors as guidance for performing critical tasks. Procedures shall incorporate applicable legislative requirements. Contract employees shall be familiar with these requirements and where to access information.

Emergency response procedures applicable to possible emergency situations shall also be written and adequately communicated to contract employees.

Safety Meetings

Routine safety meetings shall be held (at an adequate and realistic frequency and where the number of contract employees warrants) to discuss employee concerns, recent accident and incident reports and topics relevant to the work at hand. Minutes shall be maintained and follow up actions shall be completed to an adequate and timely level.

Training

All new contract employees shall be safety orientated to the worksite, its hazards, work processes, emergency response and loss-reporting procedures before he/she starts work. A written record shall be maintained of the orientation.

A minimum level of training and certification shall be maintained by at least 70% of contract employees and shall consist of the following:

- WHMIS - mandatory for all
- First Aid - and as required by provincial OH&S First Aid Regulations
- H₂S Alive – when applicable

Incident & Accident Reporting

All accidents and near miss incidents shall be reported immediately to Vero Energy Inc.. If the contractors report format is to be used, it does not need to be duplicated onto a Vero Energy Inc. Accident/Incident/Hazard Investigation Report.

All such losses are to be investigated to determine immediate and underlying causes. Corrective action designed to prevent a recurrence shall be implemented on a timely and appropriate basis.

Vero Energy Inc. will occasionally audit contractors to ensure compliance to these requirements. These requirements are based on the Petroleum Industry's Basic Safety Program. For more information regarding the development of such a program, contact Enform.

6.5 MONITORING

How will we check to see that this is carried out?

Performance reviews for contractors will address health and safety responsibilities and success in meeting the standards expected.

6.6 REVIEW/FOLLOW UP

When will we review this component for continuous improvement?

Standards and requirements for contractor management will be reviewed as a part of the regular review of the Health and Safety Management System.

Standards and requirements for contractor management will be reviewed whenever the applicable OHS Legislation is updated or changed.