

Recommended Good Practice for



Contents

Introduction	1
Part A: General Safety Considerations for Contractor Management.....	3
Part B: Safety Elements for Contractor Management	4
Appendix 1: Guidelines on Implementing Safety Elements for Contractor Management	4

Disclaimer

The aims set out in this document and related activities shall be compliant with all applicable legal requirements, including competition laws and regulations, whether related to standard setting activities or to other competition law requirements, guidelines, or practices. In particular, the document drafting process has been open, transparent and non-discriminatory. Internal and external stakeholders have been consulted during the development of this document.

Introduction

Background

This document has been developed by the Safety Task Force 3 of the Cement Sustainability Initiative (CSI) as part of the CSI approach to contractor safety management.

Over the last 5 years, the Task Force has built up a database of fatalities in all eighteen CSI member company activities. This analysis has shown that some 60% of all those fatalities are related to contractor activities.

This has highlighted the need for an increased emphasis on safety in the management of contracts of all types, at all scales and risk levels, both on-site and off-site. It is hoped that this Recommended Good Practice for Contractor Safety (“Good Practice”) will help reduce fatalities through a greater focus on safety in contract management.

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.

Definitions

Contractor - a company or an individual who is not a CSI member company or employee but has been engaged by a CSI member company to carry out specified work. This definition includes all levels of subsequent subcontractors.

Subcontractor - a company or an individual who is not a CSI member company or employee but has been engaged by a Contractor to carry out specified work as part of the contract for the CSI member company. There can be more than one level of Subcontractor, all deemed to be Contractors for the purposes of this Good Practice.

Contract - a formal agreement between a CSI member company and a Contractor to carry out an agreed scope of specified work or jobs, regardless of payment type (such as lump sum, turnkey, unit price, time and

materials or cost plus). Excluded from this definition are independent external services where there is no CSI member management control exercisable in the safety aspects of that service provision.

Scope

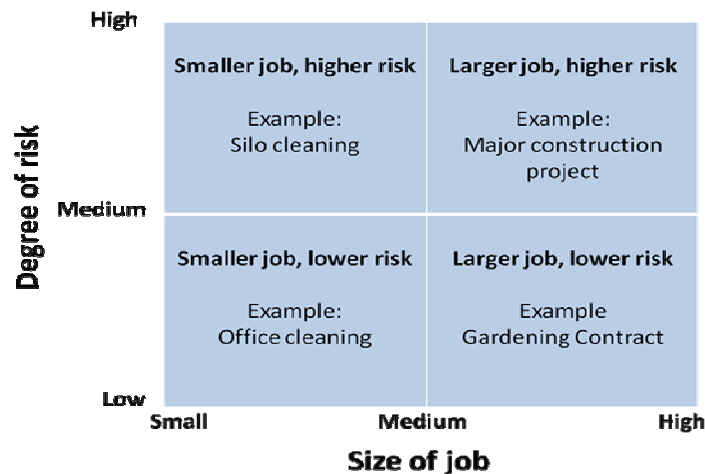
The primary focus of the document relates to large-scale cement plant projects, however the same basic good practice principles apply to small-scale contracts in readymix, aggregates, asphalt or other activities, with an implementation scope proportionate to the lower degree of risk involved in these latter cases.

For larger, higher risk contracts, all of the elements in Part B should apply. For other categories, it is recommended that elements should be applied proportional to the size and risk levels of the contract job concerned.

For safety in contracted transport, reference should be made to the accompanying CSI document, *“Recommended Good Practice for Driving Safety”*.

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.

Approval

This document was approved by the CSI CEOs in October 2009.

About the CSI

The Cement Sustainability Initiative (CSI) is a global effort by 18 leading cement producers, with operations in more than 100 countries. Collectively, these companies account for about 30% of the world's cement production and range in size from very large multinationals to smaller local producers. All CSI members have integrated sustainable development into their business strategies and operations, as they seek strong financial performance with an equally strong commitment to social and environmental responsibility. Over its 10-year history, the CSI has focused on understanding, managing and minimizing the impacts of cement production and use by addressing a range of issues, including: climate change, fuel use, employee safety, airborne emissions, concrete recycling and quarry management. www.wbcscement.org

Part A: General Safety Considerations for Contractor Management

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.

Regional Considerations

Such partnerships are likely to become even more necessary for Contracts in developing regions, where training and experience of local Contractors and Subcontractors may be very limited. Such situations will require extensive training and other support programs for Contractor and Subcontractor employees, which may be assisted by the CSI member. On the other hand, extensive Contractor expertise will be available in developed regions, although safety may need renewed emphasis from the CSI member company.

Technical Requirements

This document does not give technical specifications, for example on technical standards for scaffolding, nor does it prescribe specific procedures, such as those for welding, hoisting operations or working at heights or in confined spaces. Normally these are expected to be within the competence of the Contractor (but may need to be specifically checked).

Where such technical advice is required by a Contractor, reference should be made to ILO recommendations or to regional or national regulations, and further examples of technical good practice may be referenced on the CSI website (www.wbcdcement.org). It is important that the Contractor be made aware of all company- and site-specific procedures, for example those pertaining to permits-to-work, Lock-Out, Tag-Out (LOTO), etc.

Non-Routine Situations

Experience has shown that the greatest risk of fatalities occurs in jobs involving unusual situations, such as those encountered during plant maintenance, or where there are working constraints due to interaction with plant operations. Such situations require particularly comprehensive risk assessment of both the Contract work as well as the possible planned or unplanned interactions with plant operations.

Documentation

The level of documentation used in implementing this Good Practice is at the discretion of the CSI member companies, and will depend on the size of the job as well as the associated risk profile. For small, low-risk, single person Contractor jobs a single page checklist (structured around the 6 basic phases of Part B) could suffice, while larger, higher risk Contracts will likely require a much higher level of safety documentation.

Part B: Safety Elements for Contractor Management

Recognizing that 60% of the fatalities in the sector occur in contracted activities, this section outlines safety good practices for Contractor management that should be adopted by CSI member companies for improved safety in all phases of Contract management:

Phase 1: Contractor Pre-qualification

Contractor pre-qualification includes safety performance criteria as a prerequisite, whether such pre-qualification 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: 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.

Appendix 1: Guidelines on Implementing Safety Elements for Contractor Management

Safety Management of Contracts

These recommended guidelines outline management systems to help ensure the safety elements for Contractor management are followed effectively. They should be applied on a proportionate and appropriately simplified basis for small- and/or low-risk Contracts.

Guidelines on Implementing Safety Elements for Contractors

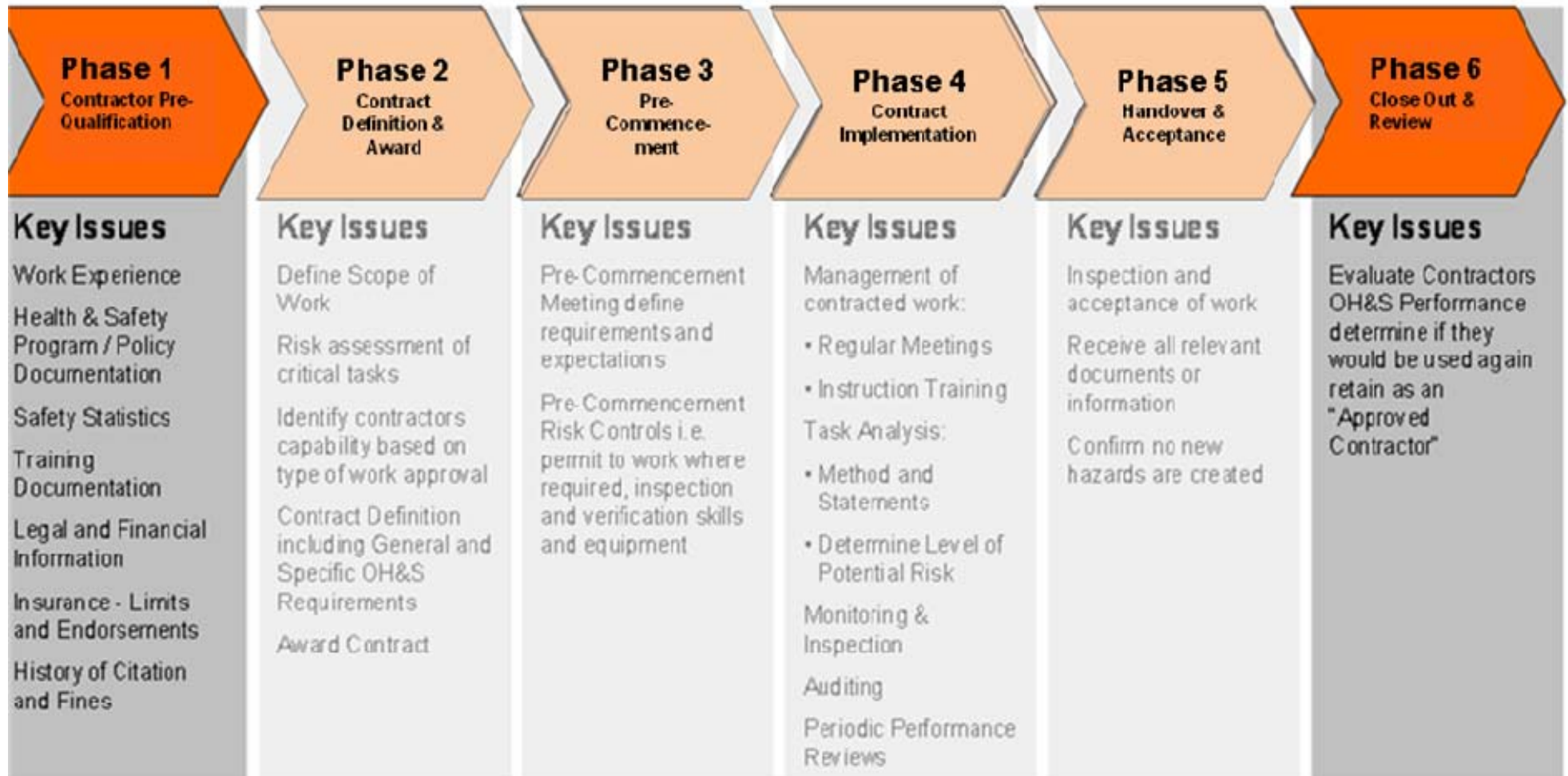
These guidelines are applied when a Contractor is engaged by a CSI member company to undertake a Contract project. It is recommended that they be applied across all CSI member activities, first starting with cement, then progressively including aggregates, readymix and all other activities.

The member company should apply these guidelines regardless of the form of Contract (including turnkey contracts) and of whether the primary Contractor further subcontracts all or part of the contracted work. The same principles apply to Subcontractors.

Successful improvements in Contractor safety management will also require strong commitment from Contractors to use the guidelines within their own operations and with their Subcontractors.

This figure illustrates the Contract Phases and the associated good practices that should be applied by CSI member companies:

Contractor Safety Management



Phase 1 - Pre-Qualification/Approved Contractor

Each CSI member company prequalifies its Contractors against predefined safety criteria. The pre-qualification process identifies, assesses and records the following:

- Confirmation that the Contractor holds appropriate licenses, registrations, insurances and a permit system appropriate for the type of Contract work, particularly if it is hazardous work
- Type of Contract work the Contractor is approved to provide (construction, electrical maintenance, transport, fabrication, catering, etc.)
- Verification that the Contractor has the technical competency and capability to perform the type of Contract safely by ensuring that the Contractor has:
 - Adequately trained/skilled personnel
 - A system to ensure reliable and safe equipment, tools and materials
 - Established safety data that shows the Contractor's previous and current safety performance by providing the following:
 - Safety policy
 - Explanation of the roles and responsibilities of the Contractor's management and employees with respect to safety
 - Safety procedures and documents that define how risks relevant to the Contractor's activities are managed
 - Safety performance data for the past 12 months if available

Phase 2 - Contract Definition and Award Phase

Each CSI member ensures that Contractors have the capability and capacity to perform the specific Contract work in compliance with safety standards and relevant laws and regulations. Therefore each CSI member company should implement a means to address the following during Contract definition and award:

- An analysis of the type of work to be performed and the potential site-related associated risks, including:
 - The scope of work (range of activities, work areas and equipment involved)
 - Expected duration of the Contract
 - The scope of risk assessments to be conducted on all activities associated with the scope of contracted work
 - The range of Contractor technical skills and equipment required
- A tender package that includes the following safety requirements:
 - Detailed description of the scope of work and the site conditions in which the work will be performed
 - The site-specific CSI member safety requirements the Contractor will be required to fulfill throughout the life of the Contract
 - The generic safety requirements that the Contractor needs to apply to manage identified risks
 - The need for the Contractor to appoint adequate management and safety resources to ensure Contract safety requirements are fulfilled
 - Definition of the specific safety documentation and information, which must be supplied by the Contractor prior to Contract commencement
 - Provisions for Contractor warning, suspension or termination for failure to comply with safety requirements
- A process for ensuring that safety requirements are understood and accepted by the Contractor in the event of awarding of the Contract, including:
 - Confirmation of the risk assessment and ability to meet safety expectations
 - Confirmation of adherence to general safety requirements

- Confirmation of meeting the specific safety requirements of the Contract work
- Specific dates for the submission of all safety documentation and information to be submitted prior to the commencement of the Contract
- Confirmation of acceptance of safety requirements as part of the Contract

Phase 3 - Pre-Commencement Phase

Prior to the commencement of any Contract, the CSI member company ensures that appropriate arrangements are in place to ensure the Contractor is fully prepared to comply with the safety requirements of the Contract. These arrangements include the following:

- Pre-commencement review that discusses in detail the safety requirements for mobilization and Contract commencement, explaining/confirming again the Contractor safety obligations
- Communication of the Contractor safety responsibilities up to and including the termination of the Contract, including:
 - Reporting requirements: what is expected, frequency, etc.
 - Means whereby any issues relating to safety performance will be resolved
 - Agreement that work may be suspended by the CSI member company without liability if there are serious breaches of safety requirements
 - Confirmation that the Contractor has assigned adequate resources to safely coordinate and supervise all activities within the scope of work
 - Confirmation that the Contractor will maintain inspection and testing processes to ensure all equipment, tools and materials being used for the Contract meet legal safety requirements
- Confirmation that the Contractors (and all Subcontractors) comprehend the CSI member company's site-specific safety requirements, including that instruction has been provided to the relevant Contractor employees on the major hazards associated with the scope of work

Phase 4 - Contract Implementation Phase

Each CSI member company requires confirmation by the Contractor that adequate measures are implemented by the Contractor to achieve the required safety performance of the Contractor (and his Subcontractors), including:

- Ensuring appropriate supervision is available for the types of tasks being performed and that the supervisor assigned possesses adequate knowledge and understanding of the hazards involved in the task
- Ensuring that the Contractor and Subcontractor employees are informed of the hazards, their risks and methods to manage those risks prior to job commencement, which may include one or a combination of the following:
 - Project Risk Assessment (PRA)
 - Task Analysis, Job Safety Analysis (JSA)
 - Hazardous work permits (confined space, hot work, working at heights, digging and excavation, etc.)
 - Safe work method statement or safe working procedure
 - Technical references (company, industry or international standards)
- Conducting regular safety inspections to evaluate the operating conditions and work practices being applied
- Measures for ensuring equipment, tools and materials are being maintained in a safe and serviceable condition, and where found defective are removed from service until the defect is rectified
- Ensuring appropriate Personnel Protective Equipment (PPE) is used appropriately for the type of work to be performed

- Provision for additional resources or specialist equipment for conducting hazardous tasks; this includes the application of the requirements set out in the permit to work system
- Internal monitoring of hazards and incidents as and when they arise during the work as well as taking appropriate action
- Regular communication on any safety issues by the Contractor to the CSI member company
- Coordination of activities in which the contracted service requires the work to interface with or the disruption of normal operations
- Changes to the agreed scope of work or the work method are subject to a risk assessment and require approval by the CSI member company prior to those changes being implemented

Phase 5 - Handover and Acceptance Phase

A process should be agreed for ensuring the contracted work is completed to the expected level of safety and, where the service is performed within an operation or facility, the working area has been made safe, including:

- Inspections of the work area to ensure all redundant material and equipment have been removed and the area is safe for use. This includes:
 - Physical inspections have been performed on all plant and equipment to ensure all safeguards are operational prior to the plant and equipment being returned to service
 - Safety barriers and general housekeeping levels have been restored
 - Safety provisions are available and functioning as designed
- All relevant documentation, records and information relating to safety have been handed to the CSI member company, including where appropriate, relevant operational or safe work procedures, “as built” drawings or schematics and any testing records required by local legislation.

The CSI member company and the Contractor then, where appropriate, sign a record of acceptance that they are satisfied the area is safe, including equipment and materials, and that they approve the closure of the Contract to commence.

Phase 6 - Contract Close Out and Review Phase

Where appropriate, a safety review is undertaken at the completion of each Contract to evaluate the overall safety performance of the Contractor, including:

- Any safety incidents or accidents that occurred during the Contract
- Overall Contractor commitment to safety obligations
- Any situations that required work to be suspended based on safety concerns



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