

HSE SYSTEM REQUIREMENT

SR SUPPLY CHAIN MANAGEMENT

PURPOSE

This document sets out our approach to and expectations of the management of HSE performance by our supply chain partners.

Health and safety is a core value at Laing O'Rourke. We regard safety as an ethical responsibility, based on personal commitment and individual empowerment. We hold a strong commitment to the protection and enhancement of the environment.

We believe everyone has the right to return home safely every day and a duty of care to themselves and the environment around them. As our supply chain partners, it is essential that you work with us to uphold these values at all times.

We commit to building an open and supportive approach to the management of HSE. Our HSE professionals will provide support and guidance to assist our supply chain partners to develop the necessary HSE systems and frameworks to successfully deliver work for Laing O'Rourke.

At Laing O'Rourke we promote an approach to HSE that reflects the concept of 'freedom with a framework'. What that means is that we support innovation and excellence over and above the required minimum standards. This concept does not enable individuals to shirk their personal accountability to follow the necessary procedures or to choose to not wear PPE for example.

Laing O'Rourke believes that by working closely with our supply chain partners and focusing on common objectives we will deliver measurable and sustainable improvements in health, safety and environmental performance. It's imperative that we have absolute alignment across our projects, ensuring that everyone on site understands Laing O'Rourke's approach to safety and the processes and procedures in place.

Compliance with contractual arrangements and all state legislation and standards is essential and is our license to operate. In addition, Laing O'Rourke requires each supply chain partner to understand and engage with the principles of Next Gear, Primary Standards and System Requirements contained in the Health, Safety & Environment Management System (HSEMS). See www.nextgearsms.com

Further information and guidance on the key aspects of this standard are contained in the HSEMS.

1

People are
the solution

**2**

Safety is the presence
of positives

**3**

Safety is an
ethical responsibility



SCOPE

Laing O'Rourke's HSEMS applies to all supply chain partners engaged on any portion of works associated with a Laing O'Rourke project. This includes organisations engaged by third parties and joint venture projects.

This document defines the minimum requirements for the control of HSE hazards, and management of risks to ALARP (As Low As Is Reasonably Practical) where the supply chain has a prevailing influence over the performance of the works.

Supply chain partners include:

- The entity that Laing O'Rourke contracts with under a Package Specific Contract. This includes the performance of works, supply of goods (other than goods supplied under a purchase order), hire of plant/equipment, contract labour and professional services.
- All other entities in the sub-contract chain contracted by the entity that contracts with Laing O'Rourke.

Specialist Supply chain partner is a business that performs a scope of work that has risks not defined in the Laing O'Rourke's HSEMS.

PROCUREMENT

A list of proposed tenderers is created in conjunction with the Laing O'Rourke's central Procurement function, incorporating wherever possible supply chain partners from the Laing O'Rourke's approved prequalified supplier database (held on Asite) and/or from those approved or nominated by the client. The process is managed by the team responsible for procurement and invitations to tender are issued in line with the Project Procurement Plan. As part of the tender process it is expected that the following information as a minimum is provided to the tendering party:

- A scope of works that clearly articulates the contractors HSE responsibilities
- A copy of the Workplace/Project Safety Management Plan and appendices (if a specialist Supply Chain Partner)
- Access to Laing O'Rourke's HSEMS including relevant Primary Standards and System Requirements
- Fatal and Severe Risks Controls Standard
- The Workplace/Project WHS General Prelims document (or equivalent).

All supply chain partners must have undergone an HSE evaluation to consider past performance and suitability of systems.

Laing O'Rourke HSE specifications must be included in all supply chain partner agreements. These must be reviewed to ensure the specific client and project requirements are included in addition to all Laing O'Rourke standards. Supply chain partners will be briefed on these requirements prior to award.

SUPPLY CHAIN PARTNER AWARD

Prior to work commencing, Supply Chain Partners and their leadership teams will be engaged by the Laing O'Rourke Procurement, Commercial and Senior Project/Management team to convene a jointly run kick off meeting to discuss:

- Clarification of specifications and standards required
- Understanding of the Next Gear principles and way of work implementation plan
- Arrangements for a joint Project Risk Assessment (PRA) workshop to ensure understanding of the Fatal & Severe Risks (FSR) and Severe Environmental Risks (SER) requirements
- Project coordination arrangements

- Site induction requirements
- HSEMS requirements including SWMS, Work Method statements and or registers required prior to mobilisation
- Performance monitoring requirements
- Confirm responsibility for management of VoC's (Supply Chain Partner), other training records and the system to be used.

MOBILISE SUPPLY CHAIN

Supply Chain Partners must comply with the relevant parts of the Laing O'Rourke HSEMS by either:

- Demonstrating the existence of their own HSE Management System with supporting plans, procedures and Safe Work Method Statements that are as a minimum equal to Laing O'Rourke HSEMS
- Agreeing to adopt and implement Laing O'Rourke's HSEMS.

Specialist Supply Chain Partners, regardless of their value of scope of work, are required to;

- Develop and submit their own HSE management plan(s) for review and assessment.

These plans shall align to the specific requirements of their scope of work and to any contractual, legislative requirements and industry best practice.

Project Risk Assessment (PRA)

A Project Risk Assessment (PRA) must be developed by the Supply Chain Partner prior to mobilisation. Laing O'Rourke may also facilitate a PRA workshop as a forum for both the Laing O'Rourke senior project/management team and senior members of the Supply Chain Partner to review the PRA within 14 days of the commencement of their works.

Safe Work Method Statements

Safe Work Method Statements (SWMS):

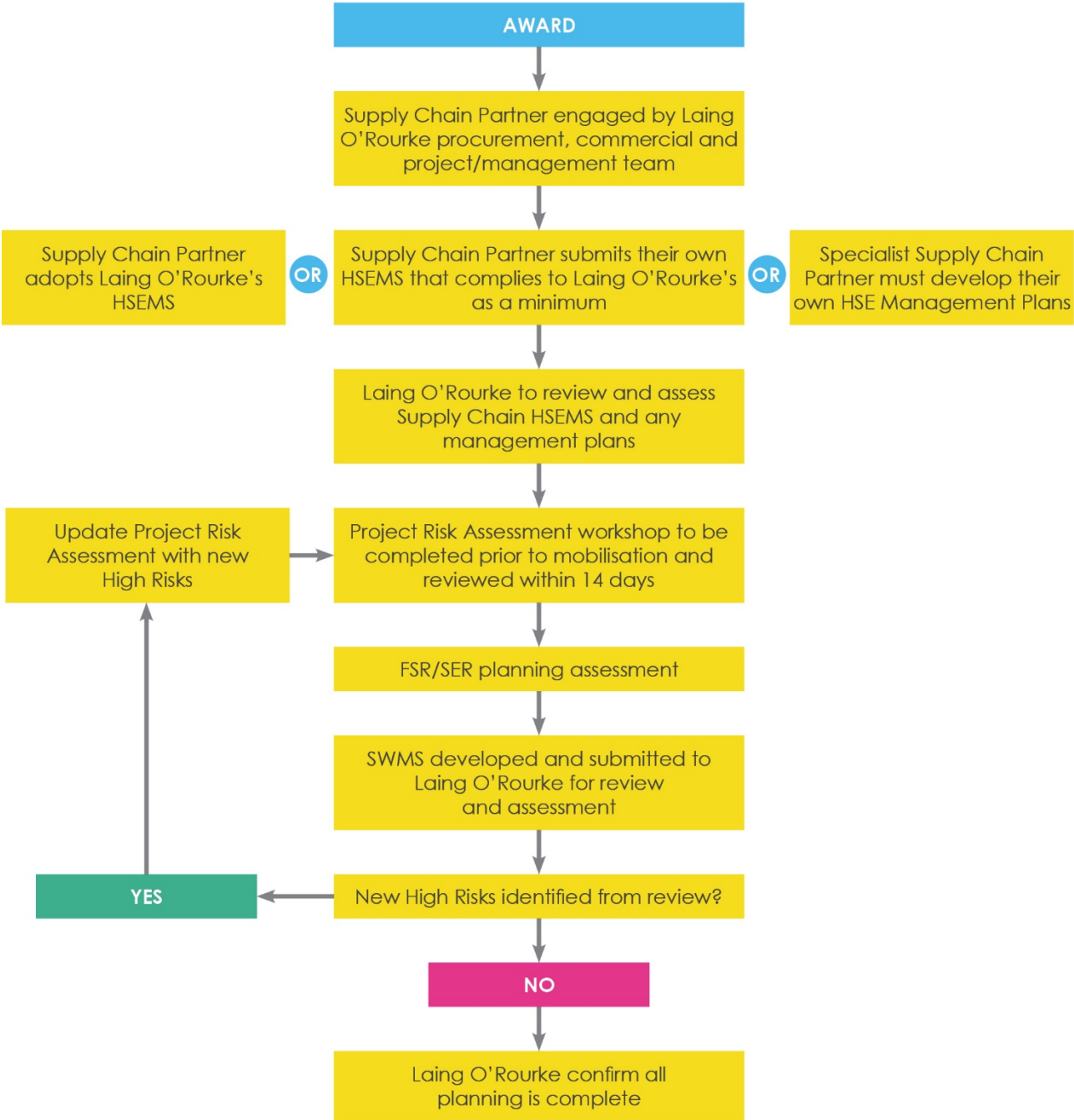
- Must be developed by Supply Chain Partners for each high risk activity identified within the Project Risk Assessment
- Must be submitted for review and assessment prior to Supply Chain Mobilisation or prior to the work task commencing
- Will be reviewed by the Laing O'Rourke senior project/management team and senior members of the Supply Chain Partner within 14 days of the commencement of their works.

If any additional high level risks have been identified during the Safe Work Method Statement review then these shall be updated within the Supply Chain Partner's Project Risk Assessment and the relevant SWMS updated.

Fatal & Severe Risks Assessments – Significant Environmental Risks (FSRs & SERs)

- Supply Chain shall complete planning elements of the FSRs & SERs Assessment for all High risk works prior to the work task commencing.
- Reviewed by both the Laing O'Rourke senior project/management team and senior members of the Supply Chain Partner within 14 days of the commencement of the work task.
- GO/NO GO (Immediately Rectified)/NO GO process to be discussed and briefed to the Supply Chain Partners' employees.

Laing O'Rourke must confirm planning is completed prior to works commencing, including but not limited to any contract, project specific or legislative requirements as a minimum.



Supply Chain Award Flowchart

SUPPLY CHAIN ENGAGEMENT

Achieving and maintaining effective working relationships on our sites requires everyone to be aligned and delivering the Next Gear Principles. Supply Chain Partners are invited to actively participate in HSE campaigns and engagement forums to drive continuous improvement, innovation and strengthen relationships for ongoing success. The frequency of these campaigns and forums is to be determined and managed in consultation with Projects/Sites and relevant Supply Chain Partners.

Link to video animation of HSEMS <https://vimeo.com/277940961>

Leadership

Laing O'Rourke recognises that effective leadership and supervision is crucial to ensure high performance of HSE and therefore is a key requirement for all Supply Chain Partners. Refer to System Requirement Leadership Engagement LOR HSEMS System Requirement- Leadership Engagement.

In order to ensure successful leadership engagement on projects/sites the following expectations are set as minimum requirements:

- Supply Chain Partner project/management leadership (on-site) is required to participate in monthly contractor HSE leadership meetings held on the project
- Supply Chain Partner project/management leadership (on-site) is required to complete monthly high risk work activity HSE inspections
- Supply Chain Partner senior leadership (off-site) is required to attend site quarterly and provide a written safety leadership report (Bespoke Audit Form)
- Supply Chain Partner senior leadership (off-site) is required to attend site quarterly and actively partake in a Collective Insight session or positive investigation.

The meetings and visits shall involve conversations with Laing O'Rourke regarding HSE performance and may be followed by a project/site inspection.

It is important during every visit, inspection and communication with the project team that senior leaders align their approach using Next Gear Principles. By empowering and enabling our people in a trusting and open environment, we can best support the delivery of a successful project/site.

Supervision

The standard and level of Health, Safety and Environmental competence of supervision provided by all Supply Chain Partners must be demonstrated as proportionate to the level of risk associated with the specific operations being delivered and (where applicable) the specialty of their scope of works.

The supervisor's role is to ensure the works are always delivered safely and efficiently. They must ensure the workforce is provided with:

- Appropriate training or instruction
- Time
- Resources to complete their task effectively
- Instruction on safe and environmentally conscious working practices and in accordance with the agreed systems of work.

Supply Chain Partners must provide full-time competent supervision for their works. The competency and number of supervisors must be proportionate with the identified risk and agreed before award and mobilisation to site. The minimum expectation is that there is at least 1 supervisor for every 10 people on a project/site for identified high risk activities.

All Supervisors must align with the Laing O'Rourke's System Requirement Consultation and HSE Meetings and deliver/be supportive of:

- Next Gear
- Pre-Starts
- Toolbox Talks
- FSRs/SERs
- Positive Investigations
- Collective Insights
- Any other project initiatives that require a supervisor's engagement and support.

Additionally, all supervisors must complete the Laing O'Rourke Frontline Leader Module 1 or the agreed equivalent prior to mobilisation and successfully complete all of the Module 2 activities within the first 28 days of mobilisation to project/site.

NB: Short-term contract (less than 28 days) supervisors are exempt from the requirement to complete the Frontline Leader Program however shall be supported by Laing O'Rourke to ensure HSEMS is successfully implemented.

HSE Support

In order to achieve, maintain and support future success, Laing O'Rourke has identified that technical Health, Safety and Environmental support is necessary for Laing O'Rourke and Supply Chain Partners to reach their full potential.

The following identifies the minimum expectations of Supply Chain Partners regarding HSE support personnel:

- Supply Chain Partners are required to have an appointed and qualified HSE support person, either off or on-site, dependent on the risk profile.
- Specialist Supply Chain Partners are required to have an appointed and qualified HSE support person (on or off-site with intermittent project/site visits as required) for the project/site.
- Specialist Supply Chain Partners are required to have an appointed and qualified, full-time, on-site HSE support person for the project if their scope of work has a greater than two severe safety and/or environmental score based on their procurement assessment and/or multiple significant high risk activities based on the Project Risk Assessment completed prior to mobilisation.

NB: The Laing O'Rourke senior management team may specify within the contract that a Supply Chain Partner is exempt from the requirement of an appointed and qualified HSE support person. This does not apply to high risk activities and/or Specialist Supply Chain Partners.

Other Key Appointments

Supply Chain Partners must ensure suitable and sufficient provision of resources to satisfy all necessary health, safety and environmental appointments and deputies where appropriate, including but not limited to:

- First Aid representatives; Fire/Emergency Coordinator
- Temporary Works Coordinators and Temporary Works Supervisors
- Crane Appointed Persons, Crane Supervisors for lifting operations.

COMMUNICATION AND CONSULTATION

Consulting and engaging with our people and creating a two-way dialogue is an essential part of creating and maintaining a safe and healthy working environment. The importance of consultation and the continuous improvement model has been consistently proven over time within not only Laing O'Rourke but across many different industries.

Active engagement and open communication in all workplaces and at all levels is promoted and encouraged by Laing O'Rourke and confirmed by the behaviours of the Senior Leadership Team. Effective communication is a key element of our Health, Safety and Environmental strategy which incorporates the elements discussed within this document.

SUPPLY CHAIN GOVERNANCE AND ASSURANCE

Training and Competence Standards

- All persons working on site must be competent to carry out their particular duties and tasks. Competence is achieved through a combination of skills, knowledge, training and experience.
- For relevant trades and occupations, certification and/or High Risk Work licences listed in the Project Construction Phase Plan may be used as indicative of the appropriate training and experience.

- If individuals do not hold such certifications and/or licences, they must demonstrate other proof of competence or assurance to the satisfaction of Laing O'Rourke management.
- All high risk work and plant and equipment operators must hold the appropriate certification (licence or ticket) and currency of Verification of Competency, as outlined in System Requirement On-boarding, Training Induction and VOC, either on-site or prior to mobilisation.
- The project/site training matrix requirements for specific roles must be adopted.

Training Compliance Records

- Prior to project/site mobilisation, Supply Chain Partners must provide for review a Training Needs Analysis.
- Supply Chain are required to use Laing O'Rourke EIFY system to record, manage and report on the training and compliance records of their people.
- Any proposed alternative system must, at a minimum, meet Laing O'Rourke EIFY system and be approved for use.

Inspections

Laing O'Rourke must complete:

- FSR and SER in-field assessments with the Supply Chain Partner. Timing to be risk-based and conducted as outlined in the HSE activity schedule
- SWMS Task Observations of the Supply Chain Partner to ensure that the agreed controls listed are effectively resourced, implemented and maintained during the task. These task observation findings shall be recorded into IMPACT
- Weekly Inspections of their Supply Chain Partner work area and record findings of the inspection shall be recorded into IMPACT. Supply Chain Partner(s) shall be included in the inspection of their work area. Positive observations and hazards shall be recorded through Gearbox or an agreed process.

Supply Chain Partner must complete:

- Daily Work Area Inspections to identify workplace health and safety and environmental hazards and risks with actions developed as required. Positive observations and hazards shall be recorded through Gearbox or an agreed process.
- Weekly Inspections of their work area and record findings with high risk actions communicated within the Weekly Report.

Audits

The following are the minimum requirements to facilitate effective communication and promote assurance of Supply Chain Partners working with Laing O'Rourke:

- Supply Chain Partners are required to:
 - Audit the implementation of the project HSE systems within 6 weeks of commencing work on site by a Supply Chain senior leader and provide a report to Laing O'Rourke
 - Audit against their compliance to Laing O'Rourke's Health, Safety and Environmental Management System and Plans for their scope of works on a 6-monthly basis.
- Specialist Supply Chain Partners are required to:
 - Audit within 6 weeks of commencing work on site by a qualified HSE auditor (either internal or 3rd party) and provide a report to Laing O'Rourke
 - Audit against their Health, Safety and Environmental Management Plan(s) for their scope of works on a 6-monthly basis by a qualified HSE auditor (either internal or 3rd party) and provide a report to Laing O'Rourke.

- Laing O'Rourke is required to:
 - Complete an Operational Readiness review within 12 weeks of Supply Chain Partner mobilisation to project/site
 - Complete an audit against the Supply Chain Partner for compliance to the agreed Health, Safety and Environmental Management System and Plans for their scope of works on a 6-monthly basis
 - Establish a Supply Chain Partner HSE activity schedule that will audit implementation of Health, Safety and the Environment across the project/site. The schedule shall be maintained and monitored by the Laing O'Rourke HSE Manager with input from relevant operational personnel such as engineers and supervisors.
 - All audits and actions shall be uploaded to IMPACT and tracked. Laing O'Rourke shall actively engage with Supply Chain Partners at each stage of the audit, review and continual improvements process.

SUPPLY CHAIN REPORTING REQUIREMENTS

Following the engagement and assurance process are the reporting requirements which shall establish the minimum standard to ensure Laing O'Rourke is fostering an environment with Supply Chain Partners for continual improvement across all aspects of the project.

As a minimum the following shall be met:

- Supply Chain Partner performance shall be monitored monthly by Laing O'Rourke through a traffic light system. Performance shall consider but is not limited to the following items:
 - Planning and risk management
 - Compliance to HSE standards and requirements
 - Resource availability
 - Work coordination with both themselves and other Supply Chain Partners
 - Integration of Next Gear Principles and tactics
 - Assurance activities.

Where Supply Chain Partner performance does not meet Laing O'Rourke's expectations, this shall be formally communicated to the Supply Chain Partner in a timely manner.

REWARD AND RECOGNITION

In order to uphold and continually promote Laing O'Rourke's Next Gear Principles, Supply Chain Partners who demonstrate a strong commitment and exceed expectations then feedback will be celebrated. The following mechanisms shall be used as a minimum to promote HSE excellence through the presence of positives:

- Supply Chain Partner meetings
- Pre-starts
- Toolbox Talks
- Pit Crew Meetings
- Supply Chain Engagement Forums.

Forms and Templates

[E-T-3-0461e ITT Part E Supply Chain HSES Evaluation](#)

[E-T-3-0901a Supply Chain HSEQ Evaluation Audit](#)

[E-T-8-0976 Subcontractor HS Plan Review Checklist](#)

[Approval to Purchase](#) (Laing O'Rourke access only)