

STANDARD (PET-SUP68-SU-PRD-00001)

Contractor Management Framework

Standard

Objective

To provide minimum requirements for in-scope services¹ and give clear expectations to all personnel involved in contractor management, highlighting the need for collaboration between Supply, HSE, and the Business to ensure consistency in our contractor management approach.

Content Administrator

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Document Signatures

Role	Position Title	Name	Signature
Approver	VP HSEQ Projects	Karelis Holuby	Signature on file – refer to Memorandum: Heritage BHP Petroleum HSE MS Post-Merger Update

Disclaimer:

This document has been updated to meet post-merger requirements. Updates have been restricted to rebranding of logo, company name and revision number and date. Updates have not impacted the design or functionality, or taken away from original intent, of the document.

1. [HSE Master Data, Definitions, and Interpretations.](#)

**PART OF
A BETTER
FUTURE**



Contractor Management Framework

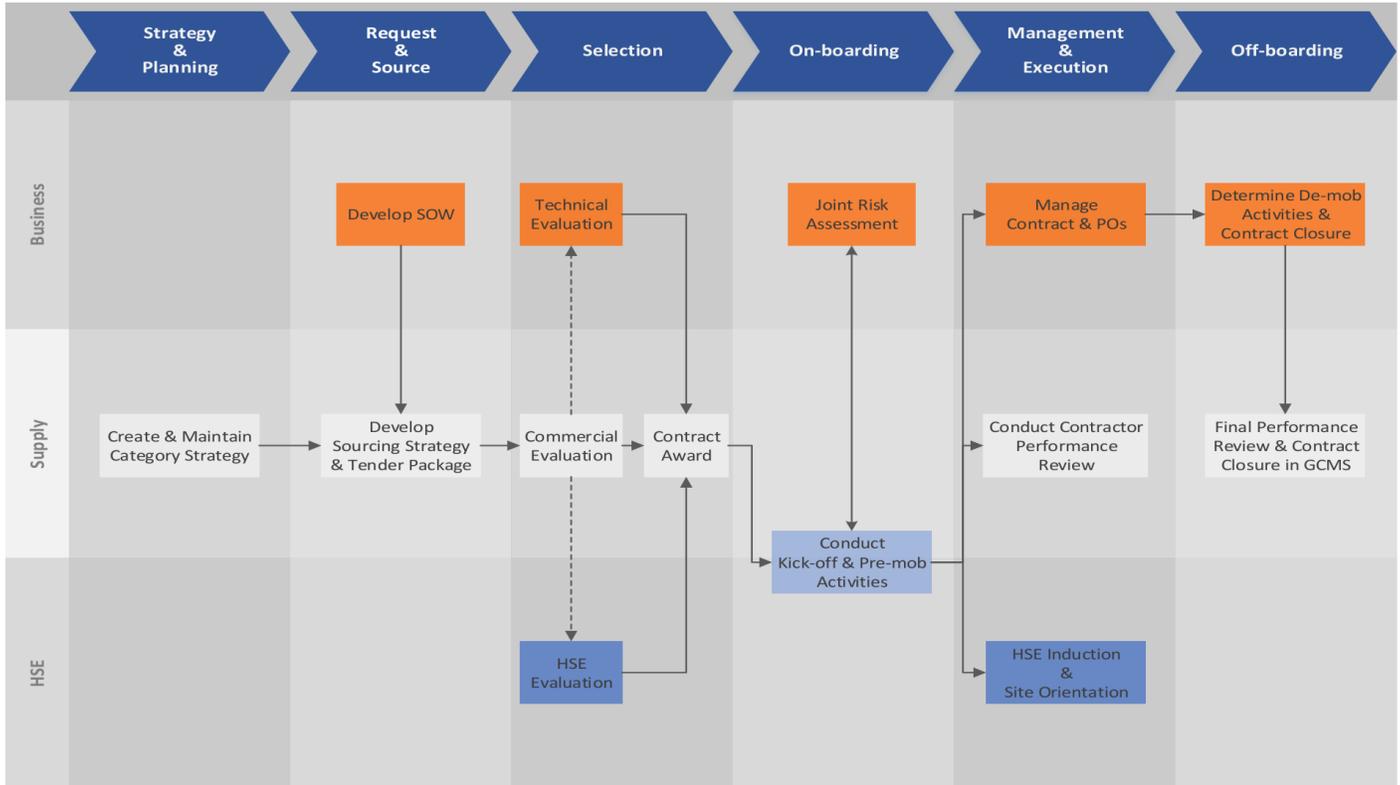
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CMF Flowchart



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Strategy & Planning

The intent of this phase is to create a strategy and market engagement plan that considers the market, operational implications, and HSE objectives.

- Create and maintain a category strategy for each category as per Category Strategy Plan Template.
- Register potential vendors in GCMS.

Request & Source

The intent of this phase is to define the scope of work to be outsourced to a contractor, identify significant HSE risks associated with the scope, and to develop the appropriate sourcing strategy to identify suitable contractors to tender.

- The Contract Owner shall coordinate the development of a scope of work using the Scope of Work Template that:
 - ensures those that understand the work develop the scope of work.
 - is approved by the Contract Owner (see Appendix 1 for Contract Owner authority levels).
- For off-contract work (estimated total spend under \$5,000,000 USD) a Purchase Order could be awarded:
 - Purchase Order Owner is responsible for ensuring the following:
 - Scope of Work is complete.
 - Risk Assessment in place.
 - A Supervisor accountable for the contractor is in place.
- For on-contract work, develop a Sourcing Strategy before engaging the market that:
 - documents the sourcing scope, benefit drivers and market engagement approach in order to optimise value taking into consideration current market conditions.
 - defines the tender evaluation process, criteria and the weighting with Contract Owner and a cross-functional team that includes those who created the scope of work and those who participated in defining the commercial requirements.
 - tender evaluation criteria must be based on objective, qualitative and quantitative criteria and include an assessment of a supplier's HSEC, business conduct, financial and technical capabilities.
- The Supply Specialist is to lead all sourcing communication with contractors participating in a tender.

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Selection

The intent of this phase is to select the contractor for the scope of work, that will provide the best overall value to BHP.

- Evaluate each vendor based on objective criteria established in the Request & Source phase in addition to any criteria developed as the requested scope matures and include the following:
 - The evaluation should be completed as a 'Sourcing Team,' through collaboration with representatives from the Business, Supply, and HSE.
 - The HSE evaluation during this stage shall be a deeper dive into the risks and controls as they relate to the BHP material risk structure using the Risk Control Plan and the vendors applied risks, controls, and verifications.
 - Sourcing Team participants will evaluate their respective parts (HSE, Technical, QA/QC, Commercial, etc.) and score the contractor individually.
 - HSE Improvement Plan (if required).
 - The Sourcing Team will collaborate once all scores have been completed to recommend the contractor(s) for award.
- Award the contract based on the recommendation of the Sourcing Team:
 - Contracts should be endorsed by the Contract Owner and executed prior to the Kick-Off Meeting.
 - Performance Reviews, the criteria for review, and the review schedule are to be agreed in writing and in line with the Requirements in Appendix 3.

On-boarding

This phase is designed to ensure Kick Off and Pre-Mobilization activities are conducted consistently, ensuring the work is executed in a safe and productive manner by clearly stating BHP's expectations before the work commences. Developing an inclusive and diverse culture, in which everyone is treated equally, is key to meeting these expectations.

- The Kick-Off meeting is to be held prior to work commencing, using the Contract Kick-Off Meeting Guidelines (PET-SUP68-SG-FRM-00009) or equivalent:
 - Review relevant topics such as: sub-contractor management, management of change, equipment inspection/readiness, quality control, HSE expectations.
 - Kick-Off meetings shall have Meeting Minutes that capture actions, assigns responsible persons, captures agreed completion dates, and is distributed to meeting attendees.
 - Verify Kick-off meeting actions are completed prior to mobilization.
- Confirm HSE Risk Controls prior to Mobilization to include:
 - Joint Risk Assessment with the contractor, contract user, and relevant stakeholders to confirm pre-identified risks with a potential HSE impact of Severity Level 4², or higher, are controlled within the BHP risk framework requirements.
 - For off-contract work with a potential HSE impact of severity level 4, or greater, the Purchase Order Owner's 1-up or a Supervisor at a similar level must approve the Scope of Work, Risk Assessment, Controls, and Supervision.

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- Record the risks, controls, and verification on the HSE Risk Control Plan, Bridging Document (if applicable), or HSE Expectations Document depending on the Control Mode.
 - Include the HSE Management System alignment (for On-Contract work) in the Bridging Document or HSE Expectations document to incorporate ancillary risks such as environmental, health, etc.
- The Contract Owner and Contract User shall discuss the HSE Risk Control Plan, Bridging Document, or HSE Expectations Document (depending on the control mode) with the contractor to confirm the following:
 - Tasks and Risks have been identified.
 - Controls are relevant and can be implemented.
 - Control verification activities are defined and agreed for all applicable work scopes.
 - The contractor has the appropriate level of supervision to monitor the controls.
 - All personnel have the proper qualifications, training, and certifications necessary to execute their scope of work.
 - Workers know who they report to and know how to communicate with them.
 - All personnel know how to stop work and the process for returning to work.
 - Sub-contractors have been briefed on the overall scope of work, associated risk and controls along with their responsibilities and clearly understand BHP's expectations.
- For on-contract work:
 - All sub-contractors have been pre-qualified for technical and safety competency by the contractor and approved by the Contract Owner.
 - Perform an HSE Management System Gap Assessment (for Tier 1 & Tier 2 contracts), if one has not been completed in the previous three years, to include:
 - HSE Standard level controls
 - Our Requirements alignment
 - capabilities assessment.
 - environmental specific controls
 - health controls
 - Management of Change
 - Risk Controls (if applicable in this step)

2. Risk Management – Our Requirements: Appendix 1 Severity and Likelihood tables

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Management & Execution

This phase is designed to ensure the contracted Scope of Work is executed safely and delivered to the required quality defined in the specifications. It also includes the agreed performance standards, measurement of KPIs, capturing of performance improvement opportunities, and monitoring of HSE performance.

- Work Orders and/or requisitions shall be created prior to work commencing considering the following:
 - A link to the outline agreement (Contract) is included in the requisition for on-contract work.
 - The appropriate SES Un-blocker is assigned.
- All personnel mobilizing to site, both contractors and sub-contractors, must complete the BHP Petroleum HSE induction and Site induction, or contractor induction depending on the site:
 - Any relevant technical competence, training, or relevant qualifications must be verified prior to commencing the work.
- In field verifications shall be completed using the Field Leadership Program or another similar verification method that has the sole intent on evaluating the HSE Risk and Controls.
- Any changes in the following items during any phase in the mobilization or execution of work shall raise a Management of Change through the MOC process:
 - Change to the Documented Contract or PO Scope of Work, contractor or sub-contractor.
 - Identification of a new Material risk.
 - Change out of key personnel or equipment.
- The Contract Owner and Supply Representative must be notified and review any Management of Change documentation.
- Review and Approve payment after confirming:
 - The quantity of work is accurate.
 - The quality of work is acceptable and in accordance with the scope and specification.
 - Identified discrepancies have been resolved.
 - The type and value of the work is in accordance with the Purchase Order.
- Complete contractor performance reviews using the Contractor Performance Review Template (PET-SUP68-SJ-TEM-00002), or functional equivalent, at the frequency required by the contract tier:
 - Document the meeting minutes from the Contractor Performance Review, including lessons learned, actions and action owners, and distribute to attendees.
- Establish an Improvement Plan if contractor performance falls below the expectations.
- Contract Owners are responsible for managing Contract and PO ownership for the life of the engagement. Any changes in Contract or PO ownership shall be raised through the Supply Representative.

Off-boarding

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This phase is designed to close out the work when either the work scope is complete, or the contractor is no longer required. Additional accountabilities in this section ensure lessons learned are identified and captured.

- Hold a demobilization meeting (if necessary) prior to starting demobilization work, which addresses the following:
 - Identification of demobilization risks and controls in accordance with HSE requirements in place for the SOW.
 - Safe demobilization of contractor equipment.
 - Return of any access badges and/or BHP owned materials/equipment.
- The Contract User is responsible for ensuring the following during contract closure:
 - Conduct an audit of site-based materials, with support from Warehousing & Inventory Specialist to determine ownership and value before disposing or placing in long term storage.
 - File technical documents, drawings, and engineering information.
 - Transfer to Operations the contractual warranties if contract is project specific.
- Contract is properly closed in GCMS³.
- Lessons learned shall be gathered in the demobilization phase and captured in a manner where they can be reviewed prior to future tenders.

³ [Legal Services, Contracts and Disputes – Our Requirements.](#)

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Appendix 1: Roles & Responsibilities

Contract Owner		<p>The person who is accountable for the successful execution of the contract within their area of the Business (e.g., Production Unit, Exploration, Projects, Well & Seismic Delivery):</p> <ul style="list-style-type: none"> • Tier 1: Manager, or equivalent, or higher • Tier 2: Superintendent, or Principal, or higher • Tier 3: Depending on HSE Risk: <ul style="list-style-type: none"> ○ High HSE Risk: Principal, Supervisor, Lead, or higher ○ Low HSE Risk: Specialist, or higher <p>Mandatory Training: Contract Owner Training Module</p>
Purchase Order Owner		<p>The person who is accountable for the successful execution of the Purchase Order within their area of the Business (e.g., Production Unit, Exploration, Project, Well & Seismic Delivery):</p> <p>Minimum level: Principal, Supervisor, Lead, or higher</p> <p>Mandatory Training: Contract Owner Training Module</p>
Contract User		<p>A contract can have multiple Contract Users, including the person(s) responsible for direct supervision in the field, person(s) who have day-to-day engagement of the contractor, such as office based engineers, and the person(s) who engages the contractor by raising a requisition or requests a requisition to be raised against the contract to initiate work.</p> <p>Mandatory Training: Contract User Training Module</p>
HSE Specialist		<p>The person responsible for supporting the Health, Safety and Environment (HSE) aspects of the contract.</p> <p>Mandatory Training: HSE Specialist Training Module</p>
Supply Representative		<p>The Supply Function person responsible for facilitating the establishment of a commercial agreement and providing oversight that the commercial agreement is managed in accordance with this framework.</p> <p>Mandatory Training: Supply Representative Training Module</p> <p>For the purpose of this document, this definition includes Projects Contract & Procurement Specialists.</p>

All roles are also required to complete the Contractor Management Framework Overview Training Module.

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Appendix 2: Performance Review Schedule

Performance reviews are based on the GCMS assigned Contract Tier and should be scheduled at the frequency below:

Performance Review Requirements	
Contract Tier	Frequency
Tier 1	Quarterly
Tier 2	Annually
Tier 3	Contract Owner discretion

Table 1: Performance Review Frequency

Appendix 3: Associated Templates

Document Name	Document Number
Scope of Work Template	PET-HSE27-SF-FRM-00025
HSE Risk Control Plan	PET-HSE27-SF-FRM-00024
Kick-Off Meeting Guidelines	PET-SUP68-SG-FRM-00009
HSE Management System Audit/Gap Assessment	PET-HSE27-SF-FRM-00006
HSE Expectations Document	PET-HSE27-SF-FRM-00007
Contractor Performance Review Template	PET-SUP68-SJ-FRM-00002
HSE Bridging Document	PET-HSE27-SF-FRM-00027

Table 2: Associated Templates