

**1.0 Introduction**

Canadian Plains Energy Services (CPES) utilizes Suppliers, Independent Service Providers (ISPs) and Subcontractors for materials and services to complete Customer projects where it cannot self perform the work. In order to ensure such works are executed in a safe, efficient and timely manner, CPES strives to partner only with subcontractors that have aligned health, safety and environment expectations, and that assist in creating a climate that promotes participation in the implementation of CPES's Health, Safety and Environment Management System (HSEMS) on work sites.

CPES allocates prime importance to establishing relationships with subcontractors who are committed to the same performance objectives as CPES. Subcontractors willing to meet CPES's objectives and partner with CPES to improve performance will be preferred and encouraged to provide repeat business.

Note: With participative involvement, subcontractors provide valuable insight into performing their jobs safely and efficiently.

2.0 Scope

CPES' health, safety, and environment (HSE) expectations clearly establish the importance that it places on contractor performance on our worksites and our client locations. Continuously improving contractor performance is consistent with CPES's Mission, Vision, Corporate Values, and Health, Safety & Environment Policy.

CPES separates subcontractors into the following categories:

- 1. Suppliers (SSP)** – supply stores that sell - tools, pipe & fittings, equipment, rental equipment, safety supplies, etc.
- 2. Independent Service Providers (ISP)** – typically a business that employs one worker and fulfills a specific need such as project supervision, welding, pipefitting, operating equipment, construction equipment owners and operators, hauling construction equipment, etc.
- 3. Subcontractors** – companies that supplies labour and provides contract services in addition to supplying materials and equipment onsite.

This policy applies to only Strike subcontractors, for more information refer to Section 7 of the Procedure Manual.

3.0 Key Policy Statements

Subcontractor Management and related processes have been developed to ensure the qualification, selection and management of contractors is performed in a consistent manner throughout CPES. This is accomplished by:

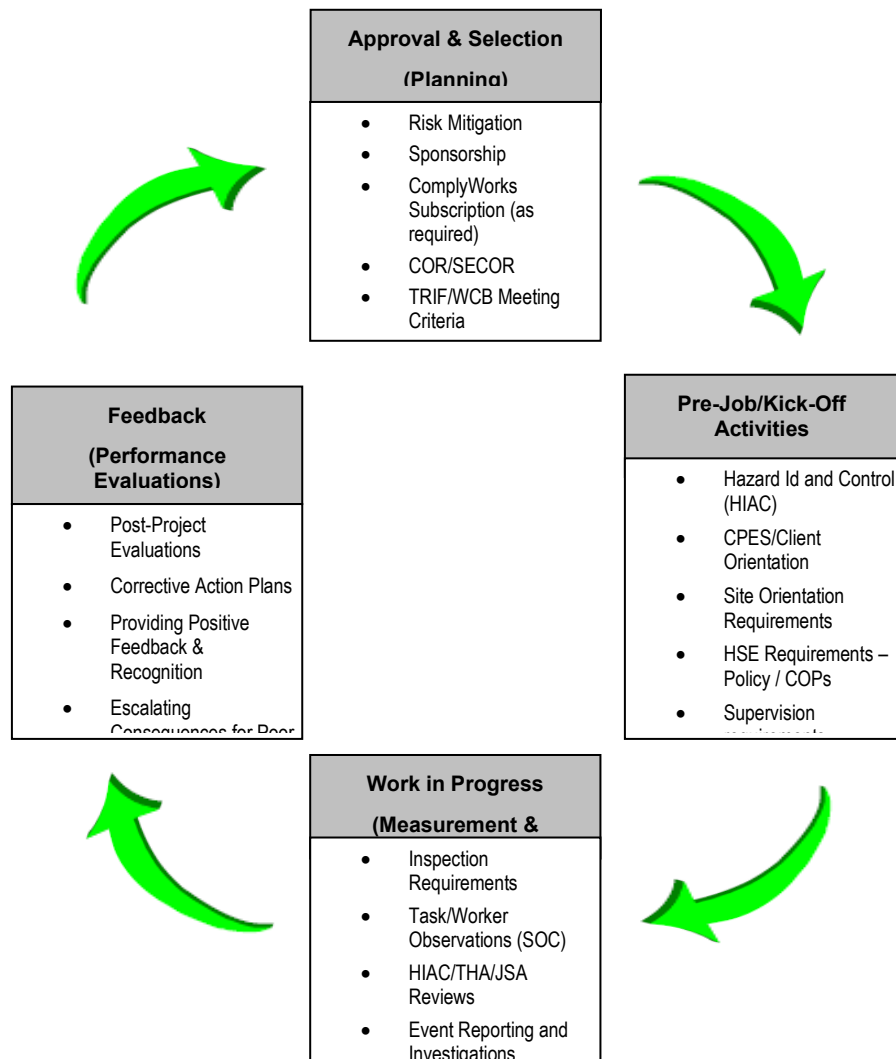
- Providing the resources for pre-qualification and selection; pre-work expectations; work in progress evaluation; and post work review.
- Providing guidance in the Subcontractor Management process to all CPES personnel involved in the selection of or providing direction to subcontractors.
- Thoroughly evaluating and assessing potential contractors before they are contracted.
- Setting clear expectations for alignment with HSE targets and objectives through Health, Safety & Environment Management System, processes, and risk management.

Manage, supervise, monitor, and influence subcontractors HSE behaviour and performance while they are working on our sites by:

- Ensuring that health and safety is not compromised for any reason.
- Having a thorough knowledge of Strike’s Systems, Practices and Procedures, and being able to apply this knowledge to mitigate unsafe acts, at risk behaviours and conditions.
- Being responsible and accountable for the application of safe work practices and task analysis.
- Having working knowledge of the HSE performance of all subcontractors being supervised.

Subcontractor Management is a four-stage process represented by the following figure:

Figure 1 – Contractor Management Process





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Policy

- Approval & Selection (Planning) – Involves the evaluation and pre-qualification of prospective subcontractors (pre-qualifying) against Strike’s performance requirements.
- Pre-Job Activities (Performance) – Involves ensuring that the subcontractor’s workers understand our expectations prior to starting work, including hazards, risk and controls of the work site and how they are to be managed.
- Work in Progress Activities (Measurement & Assessment) – Direct supervision and involvement of all subcontractors in:
 - Pre-Job Kick off/ Daily Planning Meetings (as required),
 - Daily Tailgate Meetings,
 - Daily Hazard Assessments,
 - Worksite Inspections,
 - Safety Observation Process or equivalent,
 - Onsite Training, and
 - Incident Reporting and Management.
- Feedback (Performance Improvement) – Involves reviewing onsite performance to recognize positive results and to identify areas for improvement.

APPROVED:



Aaron Karpan, President



1. Suppliers

Supply stores that sell - tools, pipe & fittings, equipment, rental equipment, safety supplies, etc.

2. Independent Service Provider (ISP)

A term to define and identify contractors within CPES operations. Typically, self-employed contract service providers responsible for their own business risk coverage following CPES HSEMS processes. ISPs fulfill a specific need such as project supervision, welding, pipefitting, operating CPES's equipment, construction equipment owners and operators, hauling construction equipment, etc.

3. Subcontractors

Typically, a business that employs more than one worker and provides contract pricing by lump sum, unit price, hourly rates, or a combination of all.

4. Subcontractor Management

The management of activities performed by contractors used by CPES. This management includes pre-qualification, selection, performance measurement, evaluation and the setting of criteria for continual improvement.

5. Multiple-employer workplace

Multiple-employer workplace means a workplace where workers of two or more employers are working at the same time.

6. On-Site Low Risk Contractors

Contractors performing tasks and providing services not associated with the inherently hazardous process of the oil and gas construction industry (e.g., office cleaning staff). On-site low risk work is determined through the HIAC planning stage (Before Work Starts).

7. Owner

Every owner of a workplace must provide and maintain the owner's land and premises that are being used as a workplace in a manner that ensures the health and safety of persons at or near the workplace. Typically, the owner is CPES's client/customer; however, CPES has ownership responsibilities for our yards, offices and shops where we direct activities of our contractors.

8. Prime Contractor (Operating Authority)

The organization responsible or having primary control and accountability to ensure the health and safety of workers on a worksite or project. Typically, the "owner", but can be designated to another organization or entity. IE: "must ensure that any employer on a work site is made aware of any existing or potential work site hazards that may affect that employer's workers."

In relation to a multiple-employer workplace; the directing client or contractor who enters into a written agreement with the owner of that workplace to be responsible for the overall controlling, coordinating, and managing of health, safety and environment concerns at the work site. Some provinces, for example, Saskatchewan and Manitoba, the term "Contractor" is used for the same purpose.



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Definitions

9. Subcontractor that are "Not Approved"

Subcontractor that are "Not Approved" may be utilized in emergency/one-time situations, if such subcontractor is providing a specialized service, or is required due to time constraints, provided that approval of the appropriate Operations Vice President is obtained.

1.0 Responsibilities

It is the responsibility of all CPES personnel to ensure Subcontractor Management processes are used and supported effectively when using contractors to conduct work on behalf of CPES.

2.0 Supervisor Responsibilities (Project Manager, Superintendent)

Supervisors are responsible for:

- Ensuring that the contractor has been approved prior to use.
- Participating in the contractor management program by ensuring pre-job activities (pre-mobilization meetings, orientations, and health and safety plans, HIACs), work in progress activities (review meetings, task/worker observations, inspections, and incident reporting) and feedback activities (post-project evaluations, performance review meetings) are conducted.
- Establishing and communicating site specific health, safety and environment expectations and requirements (pre-job meetings, HIACs, etc.) through site specific orientations.
- Validating the health, safety and environment related training and trade certifications, as required.
- Ensuring that on-site workers understand CPES's requirements, procedures and rules for the job/task being completed.
- Monitoring on-site performance of all contractors being supervised and commend or correct the performance as required.
- Conducting post-job evaluation of contractor performance and provide evaluation reports to their supervisor and CPES's management. It is understood that a post-job evaluation cannot be conducted with all contractors. A risk assessment of the work performed shall be used to identify the contractors and projects that require a post evaluation.
- Recognizing and commending good performance as well as implementing the escalating consequence process when required.

3.0 Line Management Responsibilities

It is the responsibility of Line Management to:

- Use only pre-qualified contractors, except in emergency work situations.
- Monitor subcontractor performance and provide feedback as necessary.
- Involve subcontractors in Pre-Job processes, where appropriate.
- Identify requirement for approval of temporary or emergency subcontractors.
- Initiate performance reviews of Subcontractors as required.
- Verify implementation of the Subcontractor Management System, within their area of responsibility.
- Approve subcontractor pre-qualification variances as required (i.e., Medium Risk Compliance Ranking).

4.0 Operations Senior Management Responsibilities

All Senior Management is responsible for:

- Ensure resources are available to effectively apply the Subcontractor Management process.
- Support, communicate and, where necessary, enforce the Subcontractor Management process.
- Approve subcontractor pre-qualification variances as required (i.e., High Risk Compliance Ranking or Not Participating in Veriforce (a.k.a Complyworks) Subcontractor Program).

5.0 Subcontractor Administration Management Team Responsibilities (Operations, Administration, Finance, Health Safety & Environment)

The Contractor Administration Management Team is responsible for:

- Responding to CPES personnel with questions or problems related to the Subcontractor management processes.
- Responding to subcontractors with questions or problems related to the contractor management processes.
- Overseeing the subcontractor file(s) and the Approved Contractor List that is maintained by CPES's Subcontractor Registry, Veriforce (a.k.a. ComplyWorks).
- Request and confirm required documentation for subcontractor pre-qualification variances (e.g., Insurance, WCB, Stats, etc.).
- Provide/confirm additional contract documents as required (e.g., Subcontractor Agreement/MSA, customer requirements, specialized insurance, licenses, etc.).

6.0 Health, Safety and Environment (HSE) Department Responsibilities

The Health, Safety and Environment Department is responsible for:

- Coaching and participating in pre-job processes (e.g., scope of work development, project HSE/HIAC plan, resourcing & pre-mobilization meetings).
- Reviewing and analyzing contractor health, safety and environment performance.
- Advising and participating in performance discussions with CPES Managers, Supervisors, Sponsors and Contractors.
- Supporting subcontractor HSE evaluations where required by customers, CPES Project Management Team and Senior Management.
- Assisting the operations management in developing contractor improvement plans, resulting from HSE assessments and post-project evaluations.
- Supporting and/or conducting and measuring on-site performance.



1.0 Pre-Qualification and Approval

The approval and pre-qualification processes are Canadian Plains Energy Services (CPES) initial means to ensure subcontractor performance meets or exceeds CPES's criteria. The subcontractor must demonstrate they have systems and practices in place including health and safety performance history to help achieve our performance objectives.

Canadian Plains Energy Services' Subcontractor Management process requires all on-site subcontractors meet the following conditions:

- Business must be a registered Corporation
- Registration and creating an account with Veriforce (a.k.a Complyworks) and releasing data to CPES for evaluation
- Respond to CPES's questionnaire within Veriforce (a.k.a Complyworks)
- Provide Workers' Compensation (WCB) Clearance for all provinces where work is performed for CPES and the current WCB Rate Sheet or equivalent, depending on jurisdiction. To be maintained through Veriforce (a.k.a Complyworks)
- Provide a Safety Program that addresses the services which are being provided
- Provide safety statistics for the previous three (3) years
- Provide Certificate of Insurance that meets CPES's requirements
- Provide any additional documentation specific to the type of service being provided
- Execute a CPES's Master Subcontract Agreement. If a subcontractor does not have a formal health and safety manual, they will be expected to utilize and follow the guidance provided by CPES Management and CPES's HSEMS.

After determining the type of work and the level of risk associated with the project, a CPES representative will identify the scope of work, requirements, performance expectations and criteria for selecting the subcontractor.

Potential subcontractors are evaluated against CPES's Risk Matrix (Appendix 1) using Veriforce (a.k.a, Complyworks). Based on the subcontractor's compliance rating additional approvals may be required:

Approved Low Risk Subcontractors (Green Compliance Rating):

- Approved for use and do not require Management approval.

Medium Risk Subcontractors (Yellow Compliance Rating):

- A mitigation plan and the justification for selection must be reviewed, approved and documented through email by the Area/ Project Manager.

High Risk Subcontractors (Red Compliance Rating):

- A mitigation plan and the justification for selection must be reviewed, approved and documented through email by the appropriate Operations Vice President.

Subcontractors that are “Not Participating”:

- Subcontractors that do not participate in Veriforce (a.k.a Complyworks) will be required to fill out Non-Participating Subcontractor Approval form (CF-S-85) and provide all supporting documentation. This application, mitigation plan and the justification for selection must be reviewed and approved by the appropriate Operations Vice President using CF-S-85. The approval of the contractor will only be valid for the duration of the project.
- During emergency situation, the services of a Subcontract that is “Not Approved” may be require. It is the responsibility of the CPES Supervisor and Manager, to ensure that the such Emergency Use Subcontractor provides proof of Insurance and WCB coverage before starting work. Approval by the appropriate Operations Vice President is required prior to use of any Emergency Use Subcontractors.

7.0 Pre-Job Activities

CPES recognizes that input from subcontractors early in the execution of a project increases the chances of success. As such wherever possible, CPES will work directly with subcontractors to identify potential issues in the project, combine expertise and will involve key contractors in pre-job activities. This is an opportunity to inform the subcontractor of CPES’s and the customer’s expectations as well as familiarizing the team with the location, facility and site-specific practices and procedures.

8.0 Project Kick-Off Meetings

At the discretion of the Project Manager (based on scope and duration), CPES will endeavor to involve our subcontractors in project kick-off meetings.

The purpose of the project kick-off meetings is to discuss:

- Work scope;
- Project/Job Safety Plan;
- Mobilization logistics;
- Equipment, materials and supplies;
- Customer expectations; and
- Worksite Requirements:
 - CPES/Customer orientation requirements;
 - Review personal protective equipment;
 - Review documentation, incident reporting and emergency response plan, etc.;
 - Review site training requirements;
 - Review alcohol and drug procedure/testing requirements; and
 - Other requirements as outlined by CPES and its customer.

9.0 Execution of Work

CPES and the subcontractor each have a role to play in maintaining compliance through the execution of work. CPES will fully integrate all subcontractors into our daily work activities through:

- Monitoring their participation or completion of hazard assessment processes including THAs or JSAs, tailgate meetings, safety observations and hazard reassessments.
- Monitoring the ongoing HSE performance using direct supervision by the Project Leadership, ongoing observations, worksite inspections, and event reporting.
- Monitoring implementation of corrective actions following incidents, inspections, observations, etc.

Whenever possible, all HSE related issues with the workers are to be addressed through their supervisor. In the case of an incident, the subcontractor must report this incident to CPES and investigate it appropriately. CPES will in turn report the incident through to the customer. CPES will oversee and support the subcontractor's investigative process.

If an unsafe act, unsafe condition or at-risk behaviour is observed, work is to be immediately stopped and the contract worker engaged by his/her supervisor to correct the act, condition or behaviour to prevent recurrence. In the event of repeat offences, CPES reserves the right to remove individuals or contractors from the project.

Note: In most cases CPES's subcontractors are treated as one in the same as CPES for the purposes of progress reporting. As such, CPES will generally track and report subcontractor leading and lagging safety indicators when providing any required progress reporting.

11.0 Post Project Reviews

Post project reviews are conducted at the discretion of the Project Manager or Operations Vice President. These meetings are encouraged as a venue for providing two-way feedback on lessons learned and improvements which could be made ahead of the next project for both sides.

The post-project review captures the real-time assessment by the CPES Site Representative for work completed and provides recommendations for the future use of the subcontractor.

The post-project review includes a review of expectations identified in the pre-project meetings as well as the following:

- Achievement of the project expectations.
- The subcontractor's strengths and areas for improvement.
- HSE Performance (leading and lagging indicators).
- The suitability of the subcontractor for future work.
- Feedback to CPES from the subcontractor regarding pre-project communication and expectations including areas for improvement in the Subcontractor Management process.



12.0 Escalating Consequences

Where a subcontractor fails to meet expectations, the CPES Project Manager, Area Manager or Operations Vice President may implement consequences up to and including termination of the contract. The escalating consequences process is a three-phase process:

- Verbal Phase – Discussion regarding the failure to meet expectations, with logging of the discussion by the Supervisor.
- Written Phase – Formal meeting addressing the continued failure to meet expectations, with a documented plan to address the failure within a time frame.
- Resolution Phase – Formal meeting discussing failure to meet expectations set out in the plan and the resolution including termination of work.

Note: All corrective actions must be documented.

In situations where there is a wilful violation by an employee of the subcontractor, the escalating consequences can result in the immediate removal from site.

In any of these cases, the responsible CPES division should inform Senior Management and the Health, Safety and Environment Manager of the incident and resolution. Violations will be tracked in Veriforce (a.k.a Complyworks).



Appendix 1 – Subcontractor Management Matrix

This matrix provides the baseline of expectations and information that is required for the initial screening criteria for subcontractors. This information will be maintained and monitored on the Veriforce (a.k.a., ComplyWorks) database.

Canadian Plains Energy Services Group - Large Contractor Compliance Matrix				
Flag	Low Risk	Medium Risk	High Risk	Data Not Provided
Business Structure	Questions have been answered	Questions have <u>not</u> been answered		No Data Provided
Insurance Coverage	Current and \$2M or more of CGL coverage or CGL+ Umbrella uploaded	30 days to expiry	Expired, No Commercial General Liability Insurance, less than \$2M insurance or No certificate uploaded	
WCB Clearance (AB, SK, MB, BC, Ont, NWT if applicable)	WCB exists and valid Clearance/ Letter of Good Standing Uploaded	Received Clearance Alert or missing Clearance / Letter of Good Standing Letter	No WCB coverage	
COR/SECOR or Equivalent Safety Program	Has an Equivalent Safety Program		Does not have an Equivalent Safety Program	
Safety Statistics	Safety Statistics have been entered for previous 3 years.	Previous 3 year data not provided and date is within February of the new year. (Extended grace period)	Safety Statistics has not been entered for previous 3 years and the date is March 1 st of later of the current year.	
Safety Stats Performance (Lagging indicator TRIF)	TRIF < 4.0	TRIF 4.0 – 7.5	TRIF > 7.51	



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Company Health and Safety Program	Yes		No	Data Not Provided
Alcohol and Drug Policy	Yes		No	
Strike's Code of Conduct	Has read and accepted Strike's Code of Conduct		Has <u>not</u> read and accepted Strike's Code of Conduct	
Cultural Compliance	Questions have been answered	Questions have <u>not</u> been answered		
ESG Compliance	Questions have been answered	Questions have <u>not</u> been answered		
Sub – Group NSC Regulated	Low Risk	Medium Risk	High Risk	
Fleet Safety Journey Management (if applicable)	Yes – Satisfactory – Audited NSC or Satisfactory – Unaudited	Yes - Conditional	Unsatisfactory - NSC	

Canadian Plains Energy Services Group – Small Contractor Compliance Matrix				
Flag	Low Risk	Medium Risk	High Risk	Data Not Provided
Business Structure	Questions have been answered	Questions have <u>not</u> been answered		No Data Provided
Insurance Coverage	Current and \$1M or more of CGL coverage or CGL+ Umbrella uploaded	30 days to expiry	Expired, No Commercial General Liability Insurance, less than \$1M insurance or No certificate uploaded	



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WCB Clearance (AB, SK, MB, BC, Ont, NWT if applicable)	WCB exists and valid Clearance/ Letter of Good Standing Uploaded	Received Clearance Alert or missing Clearance / Letter of Good Standing Letter	No WCB coverage	No Data Provided
Safety Statistics	Safety Statistics have been entered for previous 3 years.	Previous 3 year data not provided and date is within February of the new year. (Extended grace period)	Safety Statistics has not been entered for previous 3 years and the date is March 1 st of later of the current year.	
Company Health and Safety Program	Yes		No	
Alcohol and Drug Policy	Yes		No	
Strike's Code of Conduct	Has read and accepted Strike's Code of Conduct		Has <u>not</u> read and accepted Strike's Code of Conduct	
Cultural Compliance	Questions have been answered	Questions have <u>not</u> been answered		
ESG Compliance	Questions have been answered	Questions have <u>not</u> been answered		