

Health and Safety Standard: Health and safety performance evaluation of collaborating companies

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The following text is a translation of the original Procedure "Estándar de Seguridad y Salud: Evaluación del desempeño en seguridad y salud de las empresas colaboradoras, Version 1, in order that the contents should be easily understood by all Gas Natural Fenosa employees. In the event of any discrepancy in interpretation which may arise from the translation, the contents of the original Spanish version currently in force shall prevail for all relevant purposes.

Date approved:

Date translated:

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Health and Safety Standard: Health and safety performance evaluation of collaborating companies

1. Purpose

This document establishes the aspects and criteria for the periodic assessment of collaborating companies, thereby allowing an objective and uniform evaluation of these companies regarding health and safety. It is thus endeavoured to define mechanisms that allow measuring, controlling and managing continuous improvement in the health and safety performance of collaborating companies. Said mechanisms must be understood within the aforementioned context, and the direct application thereof to other aspects is not appropriate, such as penalising actions or comparisons between contracts of a different nature.

2. Scope

It is applicable at all companies in which Gas Natural Fenosa holds a majority shareholding and at those companies or entities in which Gas Natural Fenosa has operational and/or management responsibility.

Health and safety performance will at least be evaluated at the collaborating companies that are classified in the purchasing families as having a risk criticality regarding health and safety (activities related to construction, exploration, maintenance, the development of works and services and telecommunications).

3. Reference documents

NG.00002.GN Manual of the integrated management system.

NG.00004.GN General Regulation on Outsourcing.

NG.00008.GN General Regulation on Supplier Quality.

PG.00013.GN Purchasing.

PG.00039.GN Management of Supplier Quality.

NT.00034.GN-SP.ESS-PT.02 Management of the work performed by contractors.

NT.00035.GN-SP-ESS Accident and incident notification and investigation.

NT.00045.GN-SP-ESS Penalty scheme applicable to contractor companies.

4. Definitions

Evaluator of health and safety performance in contracts: a person or persons appointed by each business and/or country who are responsible for periodically assessing the health and safety performance of collaborating companies within the scope of said business and for sending the results of said evaluation to the corporate units of Purchasing and Supplier Quality. The evaluator is also responsible for coordinating the actions to take.

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Responsible Unit: the organisational unit of each business and/or country that directly manages the activities executed by collaborating companies based on a contract between the company and contractor companies.

5. Responsibilities

All Management Divisions of Gas Natural Fenosa must ensure that the general principles of this regulation are applied, and it is their obligation to verify implementation of the same.

The functions and responsibilities derived from this regulation are detailed below:

Evaluator of health and safety performance in contracts

- Define the perimeter of application of this regulation with respect to collaborating companies and contracts, within the scope of their business.
- Obtain, or coordinate the attainment, of the Health and Safety Metrics defined in this regulation, based on the information existing in the systems that may be established for this purpose and on the information reported by the responsible units and, if applicable, by the occupational risk prevention unit of Gas Natural Fenosa.
- Issue a health and safety performance evaluation report on collaborating companies within the perimeter defined for their business, according to the established frequency.
- Define and follow up on the necessary improvement plans at collaborating companies for which such plans may be defined, in accordance with the provisions set forth in section 6.
- Coordinate, with the corporate units of Purchasing and Supplier Quality, the application of the results of the health and safety performance evaluations of collaborating companies in the overall evaluation processes of suppliers and in the tendering and contract renewal processes.

Responsible Unit

- Collaborate with the health and safety performance evaluator in contracts on obtaining the Health and Safety Metrics defined in this regulation, especially with respect to the review of completed jobs.
- Collaborate on defining and following up on the necessary improvement plans of collaborating companies.

Corporate Unit of Supplier Quality

- Incorporate the results of the health and safety performance assessments of collaborating companies in the overall supplier evaluation processes and guarantee integrated custody of the results of the supplier performance evaluation.
- Collaborate with the health and safety performance evaluator in contracts on coordinating the necessary actions to take based on the performance results.

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Corporate Purchasing Unit

- Incorporate the results of the health and safety performance assessments of collaborating companies in tendering or contract renewal processes.

6. Development

6.1. Periodic assessment of the health and safety performance of collaborating companies

The safety assessment will be conducted for each supplier classified in the purchasing families as having a risk criticality, per contract, order or contract grouping that, in the opinion of the evaluator of health and safety performance in contracts, is deemed most appropriate for their business.

This assessment will be conducted once per year (over a period of twelve months) during the first half of the year, and it will be conducted occasionally whenever there may have been a serious, very serious or fatal accident or any other circumstance that thus makes it advisable.

The health and safety performance evaluator in contracts will conduct the safety assessment of collaborating companies within their scope based on the information and safety metrics that must be provided by the collaborating companies, the Responsible Units and, if applicable, the Occupational Risk Prevention unit of Gas Natural Fenosa.

The safety performance assessment will be conducted by completing form NT.00047.GN-SP.ESS-FO.01, "Assessment of the health and safety performance of collaborating companies", which will be sent by the evaluator of health and safety in contracts to the Purchasing and Supplier Quality units.

This safety assessment will be incorporated into the overall evaluation processes of a collaborating company, centralised at Purchasing and Supplier Quality, such that for every evaluated supplier there is a safety performance assessment available.

6.2. Health and Safety Metrics

The Health and Safety Indexes from the health and safety performance evaluation of collaborating companies are the following:

IV1. Accident index. It will be calculated considering the occupational accidents that have occurred at the collaborating company.

IV2. Incident index. It will be calculated considering the health and safety incidents reported by the collaborating company.

IV3. Documented inspections index. It will be calculated considering the results of the documented inspections of a collaborating company.

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IV4. Occupational safety and health documentation index. It will be calculated considering the health and safety documentation delivered by a collaborating company.

IV5. Index of safety and health implementation on jobs. It will be calculated considering how a collaborating company plans, executes and finalises jobs in aspects related to health and safety.

IV6. Infractions and fines index. It will be calculated considering the infractions and fines imposed upon a collaborating company regarding health and safety.

Once the scores from each of the aforementioned considerations are available, they will be totalled to give the overall score of a collaborating company.

The total assessment of these indexes will be made based on a maximum of 100 points, such that collaborating companies must obtain a minimum overall score of 70 points.

If a collaborating company does not reach the minimum score, it must immediately implement an improvement plan that must be approved by the business, whose efficiency will be reviewed by the evaluator of health and safety performance in contracts at the end of three months. This review will be conducted by completing form NT.00047.GN-SP.ESS-FO.01, "Assessment of the health and safety performance of collaborating companies". The assessment will encompass the period that elapses between the implementation and the conclusion of the improvement plan executed by a collaborating company.

If a collaborating company does not improve its Health and Safety results after said plan, the business will notify Purchasing and Supplier Quality so that the mechanisms established in the general regulations and procedures for this purpose are applied (NG.0004.GN, NG.0008.GN, PG.00013.GN, PG.00039.GN), and/or the applicable mechanisms indicated in the technical standards on health and safety.

At the end of each year, each Management Division may recognise the collaborating company with the best health and safety performance within their business.

6.2.1. Accident index, IV1

Accidents derived from the unsafe acts or conditions of a collaborating company will be penalised in the classification, with a maximum score of 30 points.

The categorisation of accidents of collaborating companies will follow the criterion set forth in NT.00035.GN-SP-ESS, "Communication and investigation of accidents and incidents".

The calculation of the accident index, IV1, is included in Appendix 02.

6.2.2. Incident index, IV2

Incidents communicated by a collaborating company will contribute positively to the classification with a maximum of 5 points, thus compensating the points lost in

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section IV1, given that this is proof of the desire to improve in the preventive planning of the business activity. If the score of index IV1 were 30, index IV2 will not be applied in the assessment.

To consider the positive assessment of an incident, the evaluator of health and safety performance in contracts must indicate, together with notification of the same, the lesson learned and/or the implemented preventive actions.

The categorisation of the incidents of collaborating companies will follow the criterion set forth in NT.00035.GN-SP-ESS, "Communication and investigation of accidents and incidents".

The calculation of the incident index, IV2, is included in Appendix 02.

6.2.3. Documented inspections index, IV3

The results of documented inspections will be penalised in the classification, with a maximum score of 20 points.

Documented inspections will be made in accordance with NT.00034.GN-SP.ESS-PT.02. "Management of the work performed by contractors. Part 2: Documented inspection".

The calculation of the documented inspections index, IV3, is included in Appendix 02.

6.2.4. Delivered occupational health and safety documentation index, IV4

Deficiencies in the delivery of occupational health and safety documentation will be penalised in the classification, with a maximum score of 10 points.

Through the document management tool, the commitment of a collaborating company to provide and update documentation on the prevention of occupational risks, both previously required and during the execution of jobs, will be evaluated.

A delay in the delivery of required occupational health and safety documentation could involve delays in the start of jobs, which will be taken into account by the Evaluator of health and safety performance in contracts.

The calculation of the occupational health and safety documentation index, IV4, is included in Appendix 02.

6.2.5. Index of health and safety implementation on jobs, IV5

The assessment of jobs will contribute in the classification, with a maximum score of 20 points.

The business's Evaluator of health and safety performance in contracts will request that the Responsible Unit of the activity developed by the collaborating company assess the health and safety of the jobs performed by the contractor, in

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accordance with the instructions set forth in the section on health and safety implementation on jobs (Appendix 02).

The calculation of the health and safety implementation on jobs index, IV5, is included in Appendix 02.

6.2.6. Infractions and fines index, IV6

Infractions and fines will be penalised in the classification, with a maximum score of 20 points.

The categorisation of deviations that may have led to fines imposed upon collaborating companies will follow the criterion set forth in NT.00045.GN-SP-ESS "Penalty schemes applicable to contractor companies".

The calculation of the infractions and fines index, IV6, is included in Appendix 02.

7. Records and data. Applicable forms

NT.00047.GN-SP.ESS-FO.01 Assessment of the health and safety performance of collaborating companies

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Appendix 02: Programme for evaluation of the health and safety performance of Collaborating Companies

An assessment process will be conducted for each contractor company, with a maximum objective score of 100 points, such that points will be applied according to the criteria indicated below.

In the event that any aspect of this assessment could be evaluated due to the type of activity performed by the collaborating company, the points will be assigned proportionally to the remaining aspects.

1) Consideration of accidents, IV1

INITIAL SCORE 30 points

For every accident derived from unsafe acts or conditions by the contractor company, points will be deducted according to the following table.

accident without medical leave	-3 points
accident with medical leave	-10 points
accident with serious or fatal consequences	-30 points

2) Consideration of incidents, IV2

The number of incidents reported by the company will improve the score obtained, up to a maximum of 5 points.

Each reported incident will compensate, with 1 point, those points deducted in the preceding section on the Consideration of accidents, IV1, such that the sum of IV1 + IV2 may not exceed 30.

If index IV1 were 30, index IV2 will not be applied in the assessment.

3) Consideration of documented inspections, IV3

INITIAL SCORE 20 points

Depending on the results obtained in documented inspections, points will be deducted according to the following table:

Ratio	< 0.25	$0.25 \leq \text{Ratio} < 0.5$	$0.5 \leq \text{Ratio} < 0.75$	$0.75 \leq \text{Ratio} < 1$	Ratio = 1
IV3	0 points	-5 points	-10 points	-15 points	-20 points

Ratio = (No. of inspections with deviations)/(No. of inspections conducted)

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4) Consideration of delivered occupational health and safety documentation, IV4

INITIAL SCORE 10 points

The percentage of documents not submitted correctly with respect to the total requested documentation. In the event that there are periodic controls of the degree of compliance with health and safety documentation, the calculation will be made based on the average of said controls. Otherwise, the calculation will be made according to the documentation available at the time of the evaluation.

%	% ≤ 5	5 < % ≤ 10	% > 10
IV4	0 points	-5 points	-10 points

$\% = (\text{No. of documents not submitted correctly}) / (\text{Total No. of considered documents})$

5) Consideration of health and safety implementation on jobs, IV5

INITIAL SCORE 20 points

The total score will be obtained from the average of all assessments made of the contractor company by the responsible units regarding the aspects indicated in the following table.

This assessment must take into account the results of the Documented Inspections in order to prevent discrepancies or contradictory data between this index and index IV3.

	Aspect	Maximum points
	The contractor's equipment and tools are adequate for the task to be performed and comply with the defined inspection programme	4 points
	The collaborating company uses and has collective and personal safety protective equipment available in sufficient quantity and quality for the contracted jobs.	4 points
	The collaborating company has adequate auxiliary means available for developing its activity (ladders, scaffolding, etc.).	4 points
	The work area is correctly cordoned off, and the conditions of order and cleanliness are good, both during the execution of a job and after it ends.	4 points
	Personnel have the required safety knowledge for the contracted jobs, and they integrate the Safety Rules and Procedures established by GNF into their activity.	4 points

Regardless of the fact that each business may, within the scope of their evaluation, establish the applicable guides that are necessary for minimising the intrinsic subjectiveness of this index, the following guidelines will be considered:

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Type of performance	Points	Level of compliance
Excellent performance	4 points	Over 95% of the jobs
Good performance	3 points	Between 75% and 95% of the jobs
Average performance	2 points	Between 50% and 75 % of the jobs
Deficient performance	1 point	Between 25% and 50 % of the jobs
Very deficient performance	0 points	Less than 25% of the jobs

6) Consideration of infractions and fines, IV6

INITIAL SCORE 20 points

Points will be deducted for each deviation according to the following table

Minor deviation	-3 points
Serious deviation	-10 points
Very serious deviation	-20 points

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Safety Performance Assessment of Collaborating Companies

OBJECTIVE SCORE 100 Points							
Business:					Prepared by:		
Collaborating Company:					Evaluation date:		
Contract/order to be evaluated:					Evaluation period:		
Consideration of accidents, IV1	Minimum score	Maximum score	Classification of accidents		No. of accidents	Penalty per accident	Subtotal
	0	30	1.1	Initial score	N/A	N/A	30
			1.2	Without medical leave		-3	
			1.3	Minor with medical leave		-10	
			1.4	With serious medical leave or fatal		-30	
Total Score, IV1 (1.1 + 1.2 + 1.3 + 1.4)							
Consideration of incidents, IV2	Minimum score	Maximum score	Criterion		No. of notified incidents	Score per notified incident	Subtotal
	0	5	2.1	Incidents + Lesson + Actions*		1	
Total Score, IV2 (2.1)							
Consideration of documented inspections, IV3	Minimum score	Maximum score	IDS with deviations / IDS performed		Penalty	Subtotal	
	0	20	3.1	Initial score	N/A	20	
			3.2	Ratio < 0.25	0		
			3.3	0.25 ≤ Ratio < 0.5	-5		
			3.4	0.5 ≤ Ratio < 0.75	-10		
			3.5	0.75 ≤ Ratio < 1	-15		
3.6	Ratio = 1	-20					
Total Score, IV3 (3.1 + 3.2 + 3.3 + 3.4 + 3.5 + 3.6)							
Consideration of delivered occupational health and safety documentation, IV4	Minimum score	Maximum score	% of documentation not delivered correctly		Penalty for % of documentation not submitted	Subtotal	
	0	15	4.1	Initial score	N/A	15	
			4.2	% ≤ 5	0		
			4.3	5 < % ≤ 10	-5		
			4.4	10 < % ≤ 15	-10		
4.5	% > 15	-15					
Total Score, IV4 (4.1 + 4.2 + 4.3 + 4.4)							
Consideration of health and safety implementation on jobs, IV5	Minimum score	Maximum score	Aspects		Maximum score	Subtotal	
	0	15	5.1	Visible commitment of the partner company's middle managers to the health and safety project	3		
			5.2	Diligence on solving the deficiencies detected in their works	3		
			5.3	Development of their own safety improvement initiatives on GNF projects	3		
			5.4	Cooperation by the partner company with GNF personnel on OPS and supervision activities	3		
5.5	Active participation by the partner company on health and safety topics during coordination meetings	3					
Total Score, IV5 (5.1 + 5.2 + 5.3 + 5.4 + 5.5)							
Consideration	Minimum score	Maximum score	Classification of infractions and fines		No.	Penalty per infraction/fine	Subtotal
			6.1	Initial score	N/A	N/A	20

Σ	of infractions and fines, IV6	0	20	6.2	Minor		-3	
				6.3	Serious		-10	
				6.4	Very serious		-20	
				Total Score, IV6 (6.1 + 6.2 + 6.3 + 6.4)				
TOTAL SCORE								
<p>* Each reported incident, together with the lesson learned and the implemented preventive actions, will compensate by 1 point those points that were deducted in the preceding section, Consideration of accidents, IV1. If the score of index IV1 were 30, index IV2 will not be applied in the assessment.</p>								