

Contractor Management Model Protocol

Version number	6	Implementation date	June 2024
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Functional area	Health, Safety, Environment and Quality	Element	Contractor Management

Purpose

To provide guidelines for the management of contractors and suppliers who provide goods and/or services to the Company.

1 Supplier management framework

Suppliers will be managed in accordance with the Company's Supplier Management Framework, which includes the following key elements:

- 1. Scope Definition** – The creation of a scope that clearly sets out the nature of the goods and/or services required by the Company
- 2. Supplier Selection** – A transparent process to identify the most suitable supplier who can competently provide the goods and/or services required by the Company (noting that the selection process should include an insource or outsource decision)
- 3. Supplier Engagement** – Entering into a suitable arrangement with suppliers that adequately mitigates risk to the Company (through contract and insurances) and obtaining necessary authority to commit Company resources (through purchase order) prior to the provision of goods and/or services
- 4. Supplier Management** – The ongoing processes by which the Company ensures the supplier delivers the required goods and/or services in accordance with the agreed HSEQ requirements
- 5. Supplier Finalisation** – Ensuring the required goods and/or services have been provided by the supplier in accordance with the agreed HSEQ requirements prior to final payment.

1.1 Scope definition

It is a requirement of the Company that a suitable scope be defined and communicated to the supplier.

A Manager or Job Supervisor may achieve this by:

- Understanding the need (i.e. requirements) for the goods and/or services
- Identify project-specific risks, and compare project-specific and standard risks (identified through Clause 2) to determine any required project-specific risk controls
- Clearly documenting an accurate scope that defines outcomes and specifies the required goods and/or services
- Establishing Key Performance Indicators (KPIs) for the supplier and goods and/or services

1.2 Supplier selection

It is a requirement of the Company that a transparent process be conducted to select a competent supplier able to deliver the scope. A Manager or Job Supervisor may achieve this by:

- Engaging with internal stakeholders to confirm that the Company has no available internal capability to deliver the scope, and only once confirmed proceeding with selecting a supplier
- Defining any project-specific criteria to be considered during the supplier selection process (noting that the requirements of project-specific risk classification should take precedence over any standard risk classification)
- Identifying a shortlist of suppliers (noting that the Company's procurement department may have suppliers with Preferred Supplier Agreements (PSA) able to deliver the scope)

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- Ensuring the Company's requirements are communicated to the potential suppliers, including scope, KPIs, HSEQ expectations, a pricing schedule template (if appropriate) and applicable contractual terms
- Ensuring competitive supplier selection by obtaining a number of proposals from shortlisted suppliers and by following a transparent assessment process (including review of scope, HSEQ expectations, price and acceptance of the Company's standard contractual terms) to select the best overall value offer for the Company

Note: It is often worthwhile having an independent party (such as the Company's procurement department) manage the selection process on behalf of the Manager or Job Supervisor.

1.3 Supplier engagement

It is a requirement of the Company that suppliers providing goods and/or services are appropriately engaged. A Manager or Job Supervisor may achieve this by:

- Ensuring a transparent selection process has been conducted, and the chosen supplier represents the best overall value for the Company
- Ensuring that any supplier engaged is adequately prequalified prior to the provision of any goods and/or services (refer to Clause 2.3)
- Executing a contract and raising a purchase order with the chosen supplier before the delivery of the scope commences
- Ensuring the contract includes a clearly defined scope, pricing, KPIs and the Company's HSEQ expectations

Note: If engaging a PSA supplier, the Procurement Manager should have entered into a contract with the supplier based on the standard goods and/or services to be provided.

1.4 Supplier management

It is a requirement of the Company that only competent suppliers are engaged, with appropriate inspection and/or auditing process established to monitor suppliers (and the goods and/or services they provide). A Manager or Job Supervisor may achieve this by:

- Verifying that the supplier is competent to provide the goods and/or services required
- Establishing a suitable supplier HSEQ monitoring regime (i.e. an Inspection and Test Plan (ITP)) based on the scope of the goods and/or services required, the supplier's own capability to manage their HSEQ and any project-specific risk controls identified
- Implementing Supplier Performance Management processes to monitor supplier compliance to the ITP
- Ensuring that, where the supplier's workers will be performing tasks on a Company controlled worksite, the supplier's workers are inducted, trained, competent and will be working under an appropriate Safe Systems of Work

1.5 Finalisation

It is a requirement of the Company that supplier engagements be suitably finalised. A Manager or Job Supervisor may achieve this by:

- Ensuring that all HSEQ expectations have been met prior to any final payment being made to the supplier
- Ensuring that, where HSEQ expectations have not been met, final payment to the supplier is withheld until the HSEQ gaps are rectified
- Ensuring that, where the Company has incurred costs associated with the HSEQ gaps, suitable deductions are made to any final payment to the supplier

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- Assessing the overall performance of the supplier, and where the performance has been unsuitable, working with the Company's procurement department to deactivate the supplier

2 Risk based supplier management

Allocation of the operational responsibilities to the Company and the supplier should be carefully considered and assigned before work commences, taking into account the risks posed by the goods and/or services being provided and the supplier's own capability to manage their HSEQ.

2.1 Standard Category Risk Classifications

To facilitate effective implementation of the risk-based management approach, standard Category Risk Classifications are to form the basis of determining supplier HSEQ requirements. The Company's procurement department, in consultation with the Company's HSE department, achieve this by:

- Maintaining a register of Category Risk Classifications
- Defining supplier HSEQ requirements for each Category Risk Classification
- Maintaining a register of goods and services categories that appropriately describes the range of goods and services that may be provided by suppliers;
- Assigning a standard Category Risk Classification to each goods and services category; and
- Communicating the risk-based HSEQ requirements that suppliers must meet when providing goods and/or services.

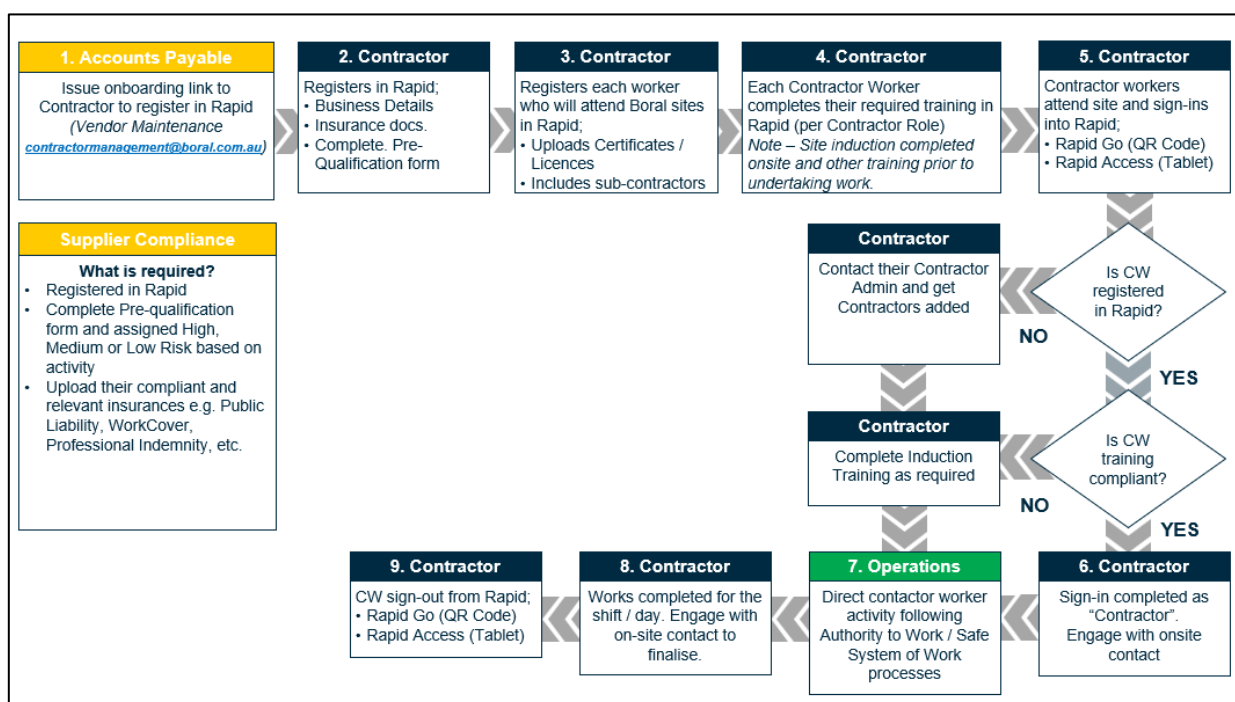
Refer to **Supplier Prequalification Checklist**

2.2 Project-specific risk classifications

From time-to-time, the hazards and risks associated with a specific project will differ from the standard risk classification. The Manager or Job Supervisor must ensure that appropriate risk controls are in place that represents the project-specific risk classification as per the **Risk Management Model Protocol**.

2.3 Supplier Prequalification Process

The prequalification process is outlined below as part of the Rapid Contractor Management Process.



2.4 Contracting activities

Where the Company enters into contracting arrangements (e.g., the Company is a head contractor to a client, and the supplier is a subcontractor to the Company), any HSEQ obligations agreed between the Company and its client may need to be considered to be incorporated into an agreement between the Company and supplier. Subcontractor workers are added to the head contractors' company profile in Rapid which be cover insurances, induction, training and licences.

Note: A separate agreement may be required between the Company and supplier for each contracting project.

2.5 Preferred Supplier Agreements

Where the Company enters into a Preferred Supplier Agreement (PSA), a number of supplier selection and supplier engagement activities will be conducted by the Company's procurement department. This may include:

- Nominating the goods and/or services to be provided by the supplier under the PSA
- Ensuring the supplier is assessed (i.e. prequalified) against the standard risk classification for the goods and/or services to be provided under the PSA
- Executing a suitable agreement for the goods and/or services to be provided by the supplier under the PSA
- Communicating information regarding the supplier, PSA categories, risk classification and prequalification outcome to the Company
- Monitoring expenditure with the PSA supplier to identify activity outside the PSA categories

Note: A Preferred Supplier Agreement will cover one or more generic goods and/or services. If engaging a supplier with a PSA, the Manager or Job Supervisor should ensure that the PSA covers the goods and/or services actually required.

2.6 Supplier Performance Management

Effective performance management should provide the Company with timely warning if a supplier is having difficulties meeting contractual requirements or agreed KPIs. Prompt consequence management is an essential component of performance management and methods for monitoring supplier performance include:

- Direct monitoring of the supplier by:
 - The Company
 - Customers
 - Independent third parties
- Monitoring of outcomes delivered by the supplier

Where a concern regarding a supplier's performance is raised, early intervention is essential to minimise escalation of the issue to a significant problem. Intervention may include:

- Verbal notice of the performance issue
- Written notice of the performance issue (such as **Contractor Non-Conformance Report**)
- Agreement of a suitable Corrective Action Plan (CAP)
- Monitoring of action delivered as part of a CAP
- Dispute resolution processes
- Contractual enforcement, including through legal action
- Terminating the contract and seeking damages from the supplier

Consequences for not meeting Company expectations are, for the most part, determined on a case by case basis. Where the supplier (or the supplier's worker) breach results in a 'critical' non-compliance

(such as failure to adhere to a Safety Life Saving Rule or Environment Absolute) the following actions may be taken:

- A Contractual Breach letter provided to the supplier;
- Where a worker is involved, a formal written notice of the breach provided to the worker or potentially be banned from Boral sites;
- A CAP be agreed with the supplier (and worker); and
- 'Show Cause for Contract Termination' notice to the supplier (e.g., in cases of serious misconduct or where other corrective actions have failed to result in an improvement)

2.7 External Worker management

Workers of suppliers when performing tasks on a company controlled site will, from an HSE perspective, be treated the same way as a Company worker.

2.7.1 External workers

Where the Company intends to engage a supplier to perform tasks on a Company controlled worksite, the following process should be used:

1. Scope the works
 - a. Is work a construction project? Is supplier to be principal contractor?
2. Select the supplier
 - a. Supplier prequalification program (Rapid)
3. Supplier to use our HSEQ system or their own.
 - a. Assess suppliers HSEQ system against our requirements
4. Engage the supplier
5. Ensure workers are inducted, licensed, qualified and competent (captured in Rapid)
6. Company to complete Authority to Work, as required (**refer to Authority to Work Model Protocol**)
7. Company and supplier to develop and approve Work Method, as required (**refer to Safe Systems of Work Model Protocol**) and follow high risk work requirements e.g. Model Protocols for Working at Height, Confined Spaces, Hot Works, Excavation, Blasting, Stored Energy, etc.
 - a. Validate appropriate use of suppliers HSEQ system
8. Company and supplier to prepare Job Pack, as required
9. Monitor supplier
10. Provide worker and/or supplier feedback, as necessary

2.7.2 External Worker Training Requirements

At a minimum, Contractors are required to complete:

- General HSE Induction
- Segment or Product Line Induction (where applicable)
- Site Specific Induction
- Managing Mineral Dusts in Quarries (Quarries, Recycling and select sites only)
- Role Specific (where applicable)

Refer to *Training, Competency and Awareness Model Protocol* for more details.

2.7.2.1 Job Roles

Job Roles are assigned to individuals where High Risk Work is conducted. For example, Confined Space, Work at Height, Forklift operation. Job roles consist of e-learning modules and/or licence or certificate verification. Refer to ***Allocating Job Roles in Rapid***

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Roles and responsibilities

Role	Responsibility
Manager and Job Supervisor	Define a suitable scope that clearly sets out the nature of the goods and/or services to be provided. Complete a transparent process of supplier selection to identify a supplier that can competently provide the goods and/or services and who represents best value to the Company. Ensure that prior to the provision of goods and/or services, the supplier is engaged using appropriate mechanisms that mitigate risks (i.e. contract & insurances) and ensure governance (i.e. purchase order). Appropriately manage the supplier during the provision of the goods and/or services to ensure the Company's HSEQ expectations are met. Once the required goods and/or services have been provided to agreed standards, the supplier should be paid in accordance with the appropriate payment terms
Procurement department	Maintain a register of goods and services categories, assessed against a risk classification structure and risk-based HSEQ requirements. Ensure requirements of the HSEQ MS are integrated into the Company's procurement and purchasing processes.
Procurement Manager	Manage suppliers under a Preferred Supplier Agreement (PSA) in accordance with this Standard and Protocol
HSE Managers	Assist in defining the category classification process, as required. Assist in the scope definition, supplier selection, supplier engagement and/or the supplier management process(es), as required.
Suppliers	Provide the goods and/or services in accordance with the Company's HSEQ expectations. Manage Rapid compliance
Employees and Other Workers	Take part in the consultation processes. Carry out activities within the scope of their responsibilities and comply with all HSEQ Management System needs.

HSEQ document definitions

Refer to HSEQ terms and definitions library on the HSE intranet site.

HSEQ document version history

This table documents the five most recent key HSEQ Document updates.

No.	Date of issue	Comments / Key changes	Next review
3.0	July 2015	Replaces: GRP-OHS-010 Contractor Management GRP-OHS-008 Considerations in Procurement BCM-008 Purchasing	
4.0	July 2019	Reformatted and alignment for Global harmonisation of minimum standards.	
4.1	April 2022	Re-brand and update document numbers to align with new HSEQ MS	
5.0	June 2024	Rebrand to align with Policy and Procedure Hub	June 2026
6.0	October 2025	Update document to include Rapid contractor management system	