

Contractor Safety Program Overview

At PG&E, *nothing* is more important than public, employee and contractor safety.

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PG&E's Contractor Safety Journey

2013

Inception

- Contractor Safety team formed
- Program defined and pilot launched

2014

Execution

- Engaged with third party administrator
- Program includes only high risk contractors

2015

Expansion

- Re-assess the risk rating of each supplier
- Program includes both medium and high risk contractors

2016

Next Iteration

- Program expands to include subcontractors

2015 Accomplishments

- Identified and pre-qualified all medium/high risk prime contractors (800+)
- All *new* contracts were updated with Contractor Safety Program requirements
- Each Line of Business that manages in-scope contractors developed and approved contractor oversight procedures

2016 Deliverables

- Identify and pre-qualify all medium/high risk subcontractors (1,800+)
 - Update all *existing* contracts with the Contractor Safety Program requirements
- Each Line of Business will fully implement their contractor safety oversight procedures



Contractor Safety Program Core Elements

Contractor Safety Program Element Stages

Every medium and high risk contractor is subject to the Contractor Safety Program, including the following procedures:

1. Contractor Pre-qualification

- Qualifies contractors to work for PG&E that meet Sourcing, Line of Business and Safety Standard requirements

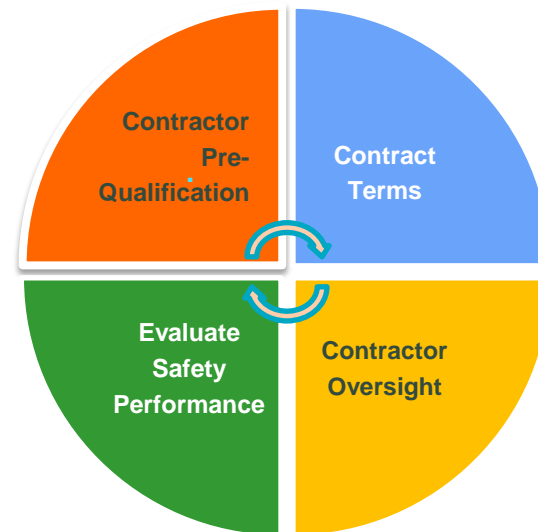
2. Contractor Terms

- Terms to hold the contractors accountable for safety

3. Contractor Oversight

- Pre-job planning
 - Enhances the company's site specific conditions (including a Project-Specific Safety Plan for high risk work and pre-task planning)
 - Daily tailboards, Job Safety Analyses (JSAs)
 - Verifying contractor training
 - Establish frequency of observations
- Documented field safety observations
 - Established process for reporting safety incidents, near-hits, Work Procedure Errors, etc.

4. Post-Job Evaluations (Project Summary Evaluations)



Contractor Pre-qualification

The pre-qualification process is administered by a third party vendor (ISNetwork) and considers the following data points:

- Safety and Health Statistics (OSHA Citations, fatality and injury rate history)
- Workers Compensation Information
- Written Safety Programs/Procedures
- Safety Culture



Contractor Pre-Qualification Process

Supplier Risk Rating

- Risk determination based on Scope of Work (SOW)
- Contractor's work that meet PG&E's definition of **medium** and **high** risk proceed to next step

Third Party Administrator

- Assess contractor based on standardized performance criteria or "Acceptance Criteria"
- Contractor's rating based against industry classification
- **Assign a grade as "A" and "B" (Approved) or "C" and "F" (Not Approved)**
- Verify contractor performance criteria on an annual basis

Variance Process

- Sourcing informs LOB that a contractor has not met pre-qualification criteria with **2 options**:
- **(1)** Contractors will no longer be allowed to work for PG&E
- **(2)** Submit a Variance Request for consideration by VPs

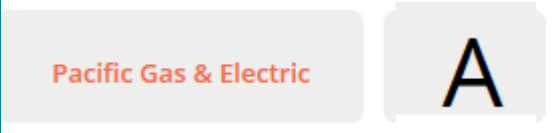




Third Party Administration

ISNetwork (ISN) is the Third Party Administrator (TPA) for PG&E

- <http://www.isnetwork.com/>



Grade Scorecard

Grade Component	Status	Points	Gaps
SHE Cultural Questions	Exceptional	<u>20 / 20</u>	✓
SHE Statistics	Exceptional	<u>30 / 30</u>	✓
Experience Modifier	Rate is 0.74	<u>10 / 10</u>	✓
Written Safety Programs	RAVS score is 100	<u>30 / 30</u>	✓
Site Tracker	Complete	<u>0 / 0</u>	✓
Contractor Performance Appraisal Form	Contractor Performance Appraisal Form is between 75 and 100	<u>10 / 10</u>	✓



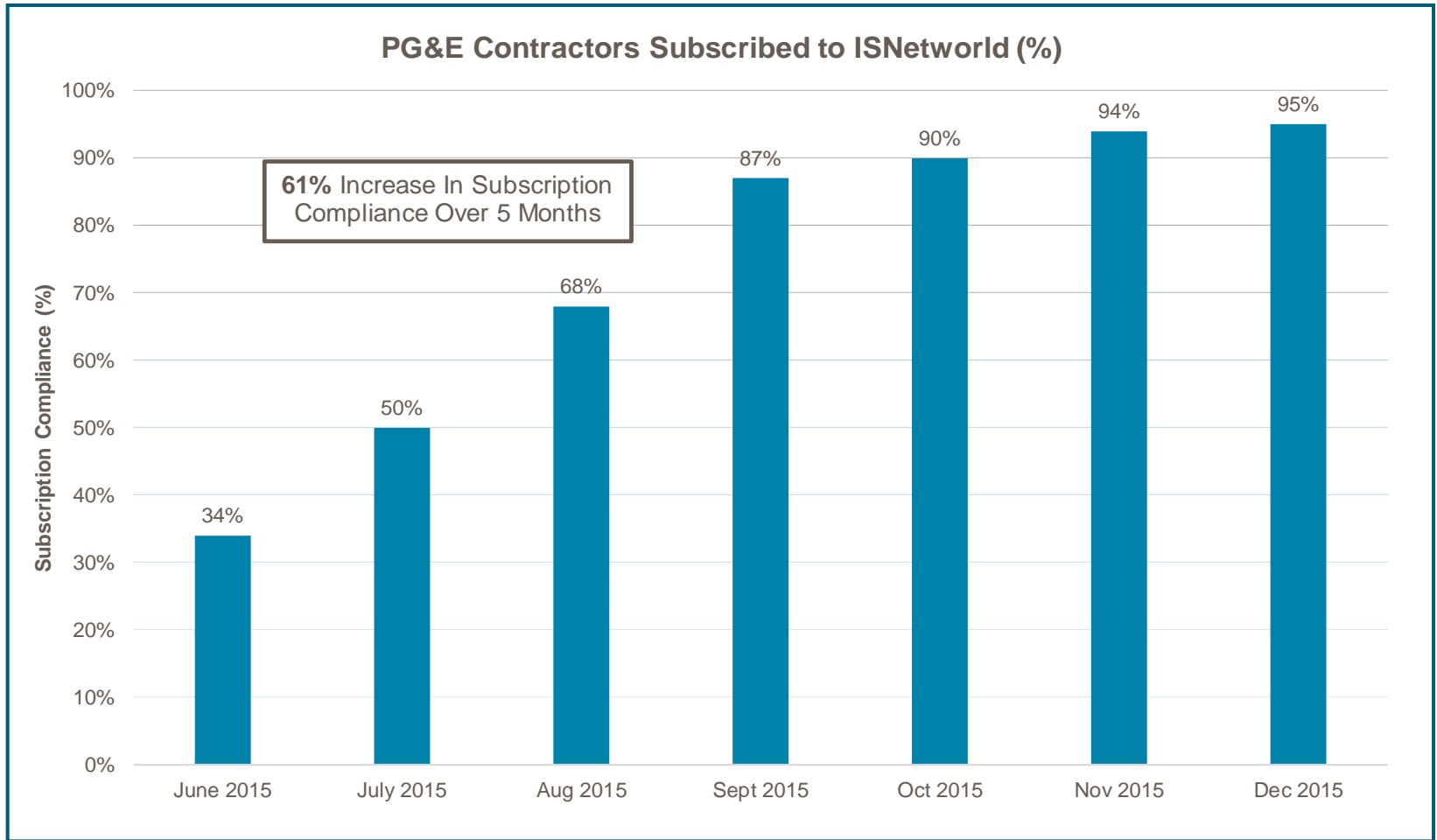


2015 Prime Contractor Implementation Keys to Success

- Defined contractors that would require inclusion to ISN
- PG&E Employees attended an ISN Workshop in Dallas
- Contractor Support
 - PG&E Hosted 2 Users Group Meetings/Help Desks in highly populated areas
 - ISN provided support at PG&E Contractor Safety Forum
- Enforce consequences
- Executive Support

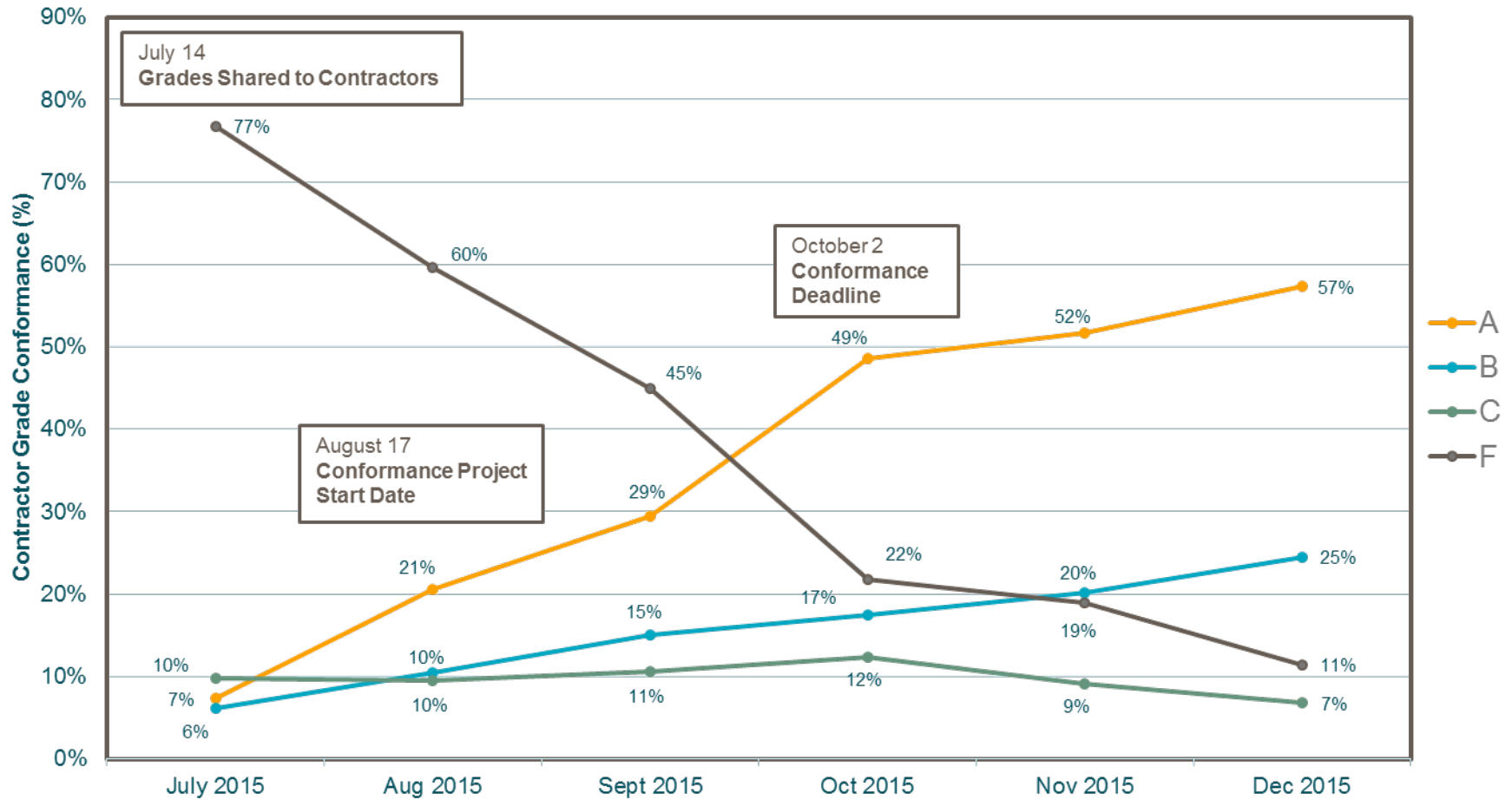


PG&E Prime Contractor Subscription Compliance





PG&E Prime Contractor Grade Conformance





PG&E's Subcontractor Focus for 2016

- Identify, register and fully pre-qualify 100% of all medium- and high-risk service subcontractors by **October 1st, 2016**
- Subcontractors are held to the same strict safety performance standards as prime contractors
- PG&E has incorporated specific Contractor Safety Program requirement language into all contracts with prime contractors



Identification of Subcontractors

- Require prime contractors to report all medium- and high-risk subcontractors working on PG&E sites
- Initially communicated through the ISN Action Item Tool
- For ongoing management, identification of subcontractors will be communicated to PG&E from the prime contractors



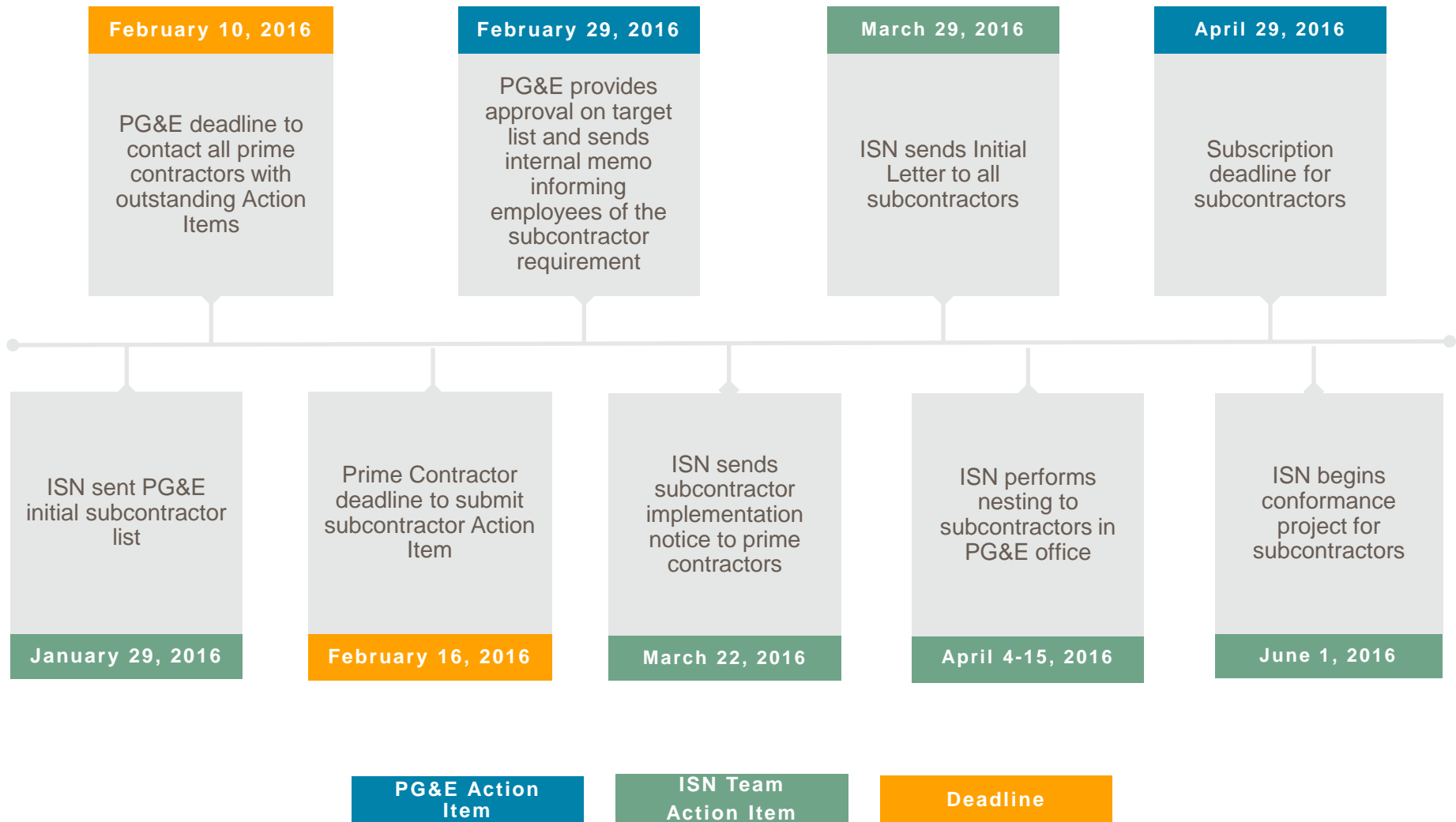
Subcontractor Requirements

- Subcontractors will be required to submit the same information as prime contractors
- The grading in ISN is the same for both prime contractors and subcontractors
- Subcontractors with unacceptable grades will not be allowed to perform work on PG&E sites
- For reporting purposes, subcontractors will be managed on a separate site in ISN

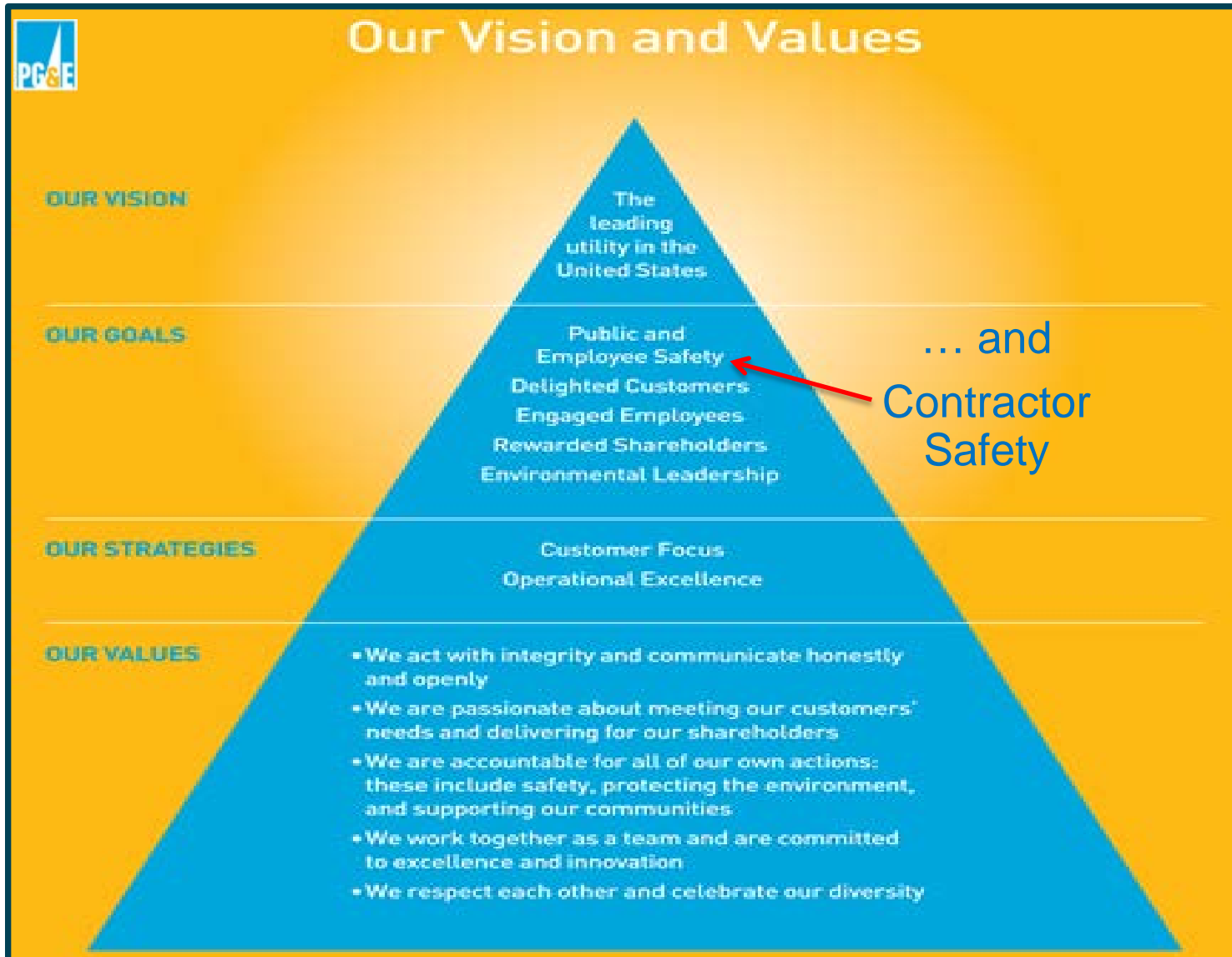
Subcontractor Requirements
OSHA Forms
Written Safety Programs
Management System Questionnaire
Experience Modifier Documentation
Monthly Reporting Hours (Site Tracker)



PG&E Subcontractor Implementation Timeline



Safety: A Complete Cultural Change in PG&E





Questions?

General Information:

- Email contractorsafetyinfo@pge.com