HSP–013-R1

MCWANE, INC. GUIDELINES FOR DEALING WITH INDEPENDENT CONTRACTORS

In the course of our business, it is necessary to hire outside, independent contractors and vendors to provide McWane, Inc. and its divisions and subsidiaries ("Company") with goods and services. Many of these contractors/vendors will need to come onto Company property to perform their work. Others may not need to come onto our property, but their services or the goods they provide can create a substantial risk of harm to our processes, property or people if not done properly. For these reasons, it is important to have contract terms, insurance certificates and safety program verification from those who present risks to the Company for damage to property or injury to people arising from those goods and/or services.

To help manage this task, the Company utilizes the services of ISNetworld ("ISN"), an online program that manages outside contractors and vendors (collectively referred to as "Contractors"), verifies their information and programs per the Company's requirements and maintains documentation of their insurance, safety programs and contract terms and conditions. To the greatest extent possible, Company locations should use Contractors who are subscribed to ISN as McWane contractors with an appropriate grade ("ISN Contractor") as further described in these Guidelines.

We recognize that there are varying levels of risk associated with different types of work. Therefore, you should check the McWane/ISN Risk Screening Matrix, attached as HSP-013-R1, to determine whether a Contractor is required to subscribe to ISN for the Company. If a job function you are seeking falls within a category that is marked "Exempt" on the Matrix, then you are free to use a Contractor who is not subscribed to ISN, subject to meeting the other requirements in HSP-013, Section 12.1. If the job function is marked "ISN" on the Matrix, then you should use an ISN Contractor or notify the Contractor that the Company requires them to subscribe. There are some exceptions outlined below, but the general rule is to use ISN Contractors whose information we can track and verify through ISN whenever possible.

All Contractors, whether ISN Contractors or Non-ISN Contractors, must be graded based on the Company's requirements regarding insurance, safety programs and terms and conditions as noted in HSP-013-R2 "McWane ISN Risk Screening Matrix". The Company's guideline for utilizing Contractors is as follows:

McWane Grading Guidelines for Using Contractors			
Grade	Details	Low Range	High Range
A	Recommended to use this Contractor	90	100
B	Acceptable to use this Contractor	80	89.99

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C	VPGM/AGM approval required prior to using this Contractor (HSP-013-F1, "McWane Contractor Grade Variance Form")	50	79.99
D	VPGM/AGM approval required prior to using this Contractor; must be escorted onsite. Approval should only be granted upon compliance with HSP-013 under exceptional circumstances and where steps have been taken to ensure the safety and integrity of the Contractor's work. (HSP-013-F1, "McWane Contractor Grade Variance Form")	0	49.99
Total		100 / 100	

A. Working with ISN Contractors

To locate an ISN Contractor, you must have a login to ISN, which you can obtain by contacting the department responsible for purchasing at your site or the Corporate Legal Department (contact information is located at the end). Once you have obtained a login from ISN, follow the instructions in HSP-013-R3 to find an ISN Contractor to perform the work or provide the goods you need.

In the ISN website, a Contractor is given a "Dashboard" where information about that ISN Contractor can be viewed, including the ISN Contractor's grade. The instructions for viewing an ISN Contractor's Dashboard are shown in HSP-013-F6, "View a Contractor's Dashboard." HSP-013 also contains quick reference guides for performing other actions related to ISN Contractors, such as adding a Contractor (HSP-013-R4 and R5, "To Add/Connect a Contractor in ISN") and processing various requests (HSP-013-R14, "Contractor List Variance Quick Reference Guide").

Within the ISN program, ISN Contractors may request to be exempt from certain safety program requirements based on the types of work they do, may request a variance from certain insurance requirements or may request alternate contract terms and conditions. The procedures for processing those requests are set out in (HSP-013 Sections 6 and 7). You may always contact ISN or Corporate Legal at the numbers at the end of these Guidelines for help with any of these items. Exemptions, variances and alternate terms should be considered in light of the risks involved with that ISN Contractor performing the specific work in question. Please note that each of these items applies to the ISN Contractor at all Company sites, so it is very important to have approval for them from all sites connected to that ISN Contractor.

B. Working with Non-ISN Contractors

When the work of a Contractor falls within an "Exempt" category on the McWane/ISN Risk Screening Matrix, you may use the services of that Contractor without requiring them to subscribe to ISN, subject to meeting the other requirements of HSP-013 Section

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12.1. Also, in some circumstances, the VPGM/AGM of your site may approve use of a Contractor who requests a deviation from the Company's requirement to subscribe to ISN, even though the Contractor's work falls within a category that would otherwise require subscription. The process for handling requests for Deviations is set out in HSP-013 Sections 6 and 7. Please note that this should be the exception rather than the norm. In each of these cases, you must do the following with respect to each non-ISN Contractor ("Non-ISN Contractor"):

- Follow HSP-013 safety and insurance requirements;
- Obtain insurance certificates from the Non-ISN Contractor;
- Have the Non-ISN Contractor sign an acknowledgement of our Terms and Conditions of Purchase;
- Follow the Company Grading Guidelines for Using Contractors shown above (HSP-013-R8);
- Take steps to ensure the safety and integrity of the Non-ISN Contractor's work; AND
- Monitor the Non-ISN Contractor's insurance certificate to ensure that coverage is not changed or expired during the course of the services.

IF YOU ARE PURCHASING GOODS OR SERVICES FROM AN ISN CONTRACTOR, YOU DO NOT NEED TO FOLLOW THE PROCEDURES BELOW BECAUSE ISN WILL DO THOSE THINGS FOR YOU.

If you are purchasing goods or services from a Non-ISN Contractor, you will need to grade the Non-ISN Contractor using the same criteria used by ISN for ISN-Contractors as described in HSP-013 Section7.1 and HSP-013-R8.

1. Follow HSP-013 Safety Requirements

Once the VPGM/AGM has decided to approve the use of a Non-ISN Contractor, you must follow the safety procedures set out in HSP-013. You can access these procedures on the SharePoint site under the EHS Dashboard.

2. Obtain Certificates of Insurance

The "McWane Contractor Insurance Requirements, HSP-013-R9" (the "Insurance Requirements") spell out the amounts of each type of coverage that is required, according to the classification of the Non-ISN Contractor. Once you have established the appropriate amount of insurance coverage by referring to the Insurance Requirements, you must require the Non-ISN Contractor to present proof of the coverage to you before the work begins. Examples of certificate of insurance are found in HSP-013-R10. Maintaining copies of the Non-ISN Contractor's certificates of insurance with required limits is adequate evidence that the required coverages are in place. You should also request copies of all amendatory riders and endorsements to make certain that coverage for the type of work contemplated by the Agreement is not excluded.

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3. Obtain Acknowledgment of Terms and Conditions of Purchase

Whenever you purchase goods or services from a Non-ISN Contractor, you should use your site's purchase order form and you should document, electronically or by using HSP-013-F9, "Acknowledgment of McWane, Inc. Terms and Conditions." The current version of McWane's Terms and Conditions can be found at www.mcwane.com under the Terms and Conditions tab.

While it is generally a good practice to have **all** Non-ISN Contractors sign an Acknowledgment, you **must** have the Non-ISN Contractor sign an Acknowledgment whenever the services or goods purchased can reasonably be expected to involve:

a) Services performed by a Class I, T, or P Contractor, as defined in the "McWane, Inc. Contractor Insurance Requirements" in HSP-013-R9; OR
b) Any contract for goods or services in excess of $50,000.

Be aware that contracts take many forms and can bind the Company without express agreement. If a Non-ISN Contractor responds to a purchase order with any communication (verbal, written, electronic or otherwise) that attempts to incorporate terms and conditions other than the Company's, you should respond back indicating that our terms apply and that theirs do not.

The Indemnification section of our Terms and Conditions of Purchase (the "Agreement") is the section that most often provokes comment from contractors/vendors. This section is also one of the most important protections that the Agreement provides to the Company. Nevertheless, there may be some situations that warrant a more lenient standard. In those situations, **and only with the VP/GM's prior approval,** you may agree to a modification of the Indemnity section to specify that the indemnity provided by the Non-ISN Contractor does not apply *to the extent of* the Company's negligence or willful misconduct.

To make this change, use HSP-013-F10, "Acknowledgement of McWane, Inc. Alternate Terms & Conditions." HSP-013-F10 is used and the contract is for services, however, you ***must*** require that "McWane, Inc., its divisions and subsidiaries" be named as an additional insured on the Non-ISN Contractor's general liability policy. Reliance on the contractual liability provision alone will not suffice.

If the Non-ISN Contractor wishes to change any other term, you must discuss this with the Company's Legal Department.

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4. Visitors and Others with No Purchase Order or Contract

From time to time there may be people who need to enter plant premises for various purposes, but with whom we do not have a contract or purchase order. For example, visitors may request the opportunity to tour the plant or inspect the plant premises (i.e., salesmen, guests, local officials, industry representatives or other non-Company personnel). Often, representatives of independent contractors visit our plants for the purpose of estimating or evaluating whether to undertake a job, but have not yet agreed to do so and therefore no purchase order or contract has been issued. Truck drivers delivering and picking up may also need to be on plant premises. **Before entering onto plant premises, every non-Company person should either have an acknowledged purchase order or contract, have acknowledged our Terms and Conditions in ISN or should sign a Premises Permit and Full Release in the form shown in HSP-013-F7 or HSP-013-F7A depending on the specific McWane location.** If the visitor is a minor, it must be signed by a guardian, parent or other legal representative.

C. Working with Contractors with a C or D Grade

In exceptional circumstances, the VPGM/AGM of your site may approve the use of a Contractor with a grade of C or D ("Non-Preferred Contractor"), but only under the condition that you:

- Ensure that the Non-Preferred Contractor is escorted while on site; AND
- Take steps to ensure the safety and integrity of the Non-Preferred Contractor's work.

The approval must be in writing. In addition, the reason for the grade of C or D will trigger additional obligations on your part as follows:

- If the C or D grade is due to the Non-Preferred Contractor's failure to acknowledge McWane's Terms and Conditions of Purchase (HSP-013-F9 or HSP-013-F10), you **must** have all Non-Preferred Contractor employees sign a Premises Permit and Full Release in the form found in HSP-013-F7 or HSP-013-F7A, depending on the McWane facility location, prior to entering onto Company premises.
- If the C or D grade is due to the Non-Preferred Contractor's failure to meet McWane's insurance requirements, you must follow HSP-013 insurance requirements and monitor the Non-Preferred Contractor's compliance with those requirements by requiring the appropriate certificates of insurance and ensuring that they are current.
- If the C or D grade is due to the Non-Preferred Contractor's failure to comply with McWane safety procedure requirements, you must follow HSP-013 safety program requirements and monitor the Non-Preferred Contractor's compliance with them.

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D. Contact Information

You may contact ISN at any time with questions or to get help by calling 1-800-976-1303 or emailing customerservice@isn.com. In addition, you may contact McWane's Legal Department for any assistance:

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