

Title: **QAL Contract Management Policy**

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				Appr. Signature:

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1.0 PURPOSE

To outline the policy of Queensland Alumina Limited with respect to the management of contracts with Principal contractors, Contractors and Sub-contractors and supplementary labour hire contractors.

2.0 SCOPE

This policy applies to any contract for work, including project, maintenance and specialist services work.

The application of this policy is detailed in Procedures and Flow Charts applicable to each of the following types of work:

- Projects
 - Capital
 - Major Maintenance
 - Research & Development

- Maintenance
 - Normal
 - Turnarounds
 - Rotables
 - Non destructive testing

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- Specialist Services

3.0 RESPONSIBILITIES

All **employees**, including **nominated agents**, engaged in the process of scoping and specification, sourcing, negotiating, award, coordination and administration of contract work shall comply with the requirements of this policy.

Sourcing Supervisor in conjunction with the **Sourcing Officer** is responsible for the commercial administration of all contracts.

Department Managers and Superintendents: Responsible for contract control in their respective areas within the guidelines defined in this policy and within the related procedures stated elsewhere in the respective manuals.

4.0 REFERENCES

ISO 9001:2000 Quality Management Systems
AS/NZS 4801:2001 Occupational Health and Safety Management Systems
ISO 14001:2004 Environmental Management Systems
AS/NZS 4360:2004 Risk Management
AS/NZS HB240 – 2004 Guidelines for Managing Risk in Outsourcing
Workplace Health & Safety Act 1995
P001.001 Policy – QAL Health, Safety Environment & Community Policy
P401.025 Policy – Obligating QAL
P701.003 Policy – Procurement Authorisation
P401.002 Policy – Contract Negotiation and Administration
P401.010 Policy –Tendering, Negotiating & Awarding of Purchase Orders & Contracts
P401.001 Policy – Ethical practice, Due Diligence and Corporate Conduct
P401.031 Procedure – Legal Services
P403.096 Procedure – Purchasing Caustic (New Supplier)
P703.018 Procedure – Training and Induction
P712.101 Procedure – Materials Procurement
P714.035 Procedure - Contract Negotiation & Commitment - Major Raw Materials & Utilities
P802.001 Procedure – QAL Contract Management Feasibility
P802.002 Procedure – QAL Contract Management Planning
P802.003 Procedure – QAL Contract Management Implementation
P802.004 Procedure – QAL Contract Management Finalisation
P802.005 Procedure – QAL Contract Management Learning
P802.006 Procedure – QAL Contract Management Process
P802.008 Procedure – QAL Contract Management – Contractor Categories
P802.009 Procedure – QAL Contract Management – Contract Hazard Identification and Risk Mitigation
P802.010 Procedure – QAL Contract Management – Review of Category 3.3 Contractors
W802.006.12 – Change in Scope – Risk Management Process
W802.006.14 – Provision for Supplementary Labour (Contractors)
PG26a Training Module – Contract Management Process – Level 1
PG26b Training Module – Contract Management Process – Level 2
MP30 Training Module – Maintain Employee Data

5.0 DEFINITIONS

Agent: an authorised person, nominated QAL sub-contractor or assignee acting on behalf of Queensland Alumina Limited.

Contract: Agreed requirements in terms of scope and specification between QAL and a contractor transmitted by a documented purchase order with supporting contract documents. Transactions within the contract are transmitted through use of work orders and or service orders.

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Contractor: Supplier (Principal Contractor, Contractor, Sub-Contractor) who has an approved contract to provide;

1. Labour only, or
2. Labour and materials/goods, or
3. Labour, materials/goods, plant and/or equipment, or
4. Labour and plant and/or equipment, or
5. Plant and/or equipment only,
6. Ancillary services to shipping controlled by QAL

For:

- a) For the operation of plant and/or equipment (fixed, portable or mobile), or
- b) For the construction, manufacture, fabrication, assembly, repair or maintenance of buildings, structures, plant and/or equipment (fixed, portable or mobile), or
- c) For the provision of professional, technical, consultancy or specialised services,

But does not include;

- Supply of raw materials and utilities where the supplier is not required to enter the QAL site. – Procedure P714.035 Contract negotiation and commitment major raw materials and utilities, Procedure P403.096 Purchasing caustic (new suppliers)
- Supply of materials/goods only where the supplier is not required to enter the QAL site. – Procedure P712.101 – Materials Procurement
- Activity of Shipping
- Legal services – Policy P401.031 Legal services
- Company appointed auditors

Subcontractors – If the contractor wishes to subcontract any of the services to a sub contractor it must first obtain the written approval from Queensland Alumina Limited.

The contractor will submit a written request to Queensland Alumina Limited that provides details of the proposed subcontractor and the work to be performed by the subcontractor.

The contractor will be fully responsible for the acts, errors and omissions of its subcontractor and of persons directly or indirectly employed by them, as it is for the acts, errors and omissions of persons directly employed by the contractor.

Contract Management: Application of the processes of feasibility, planning, implementation, finalisation and learning that leads to the successful completion of a contract in terms of safety, environment, budget, time and quality.

QAL Contract Owner: QAL Manager or Superintendent designated to manage the development and delivery of the contract and to manage all associated health, safety, environment and quality risks associated with the contract.

QAL Supervisor of the Contract: QAL employee designated to interact with the contractor, expedite performance of the contract and ensure that required work types and all specified documentation are completed and who manages the contract health in terms of the scope and specification of the works and related changes and compliance to QAL's HSE systems.

Contractor Supervisor: Supervision, employed by contractor designated to interact with QAL, supervise resources, expedite performance of the contract and ensure that required work types and all specified documentation are completed.

Work Instruction: Flow Charts detailing a graphic portrayal of the sequence of activities within all work types.

Work: Unique processes, consisting of a set of coordinated and controlled activities with start and finish dates, undertaken to achieve an objective conforming to specific requirements, including the constraints of quality, time, cost, and resources.

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6.0 POLICY

QAL has an obligation to provide a safe place of work under the Workplace Health & Safety Act. QAL's policy is:

- all contractors will use and comply with QAL's Health, Safety and Environment systems
- all work is planned using risk management principles.
- all changes to work scopes will be re-assessed for HSEC risk (refer W802.006.12).
- if there is No Purchase Order, there is No Contract and therefore No Work.
- all work scopes will be documented.
- if a contractor employee is not competent to perform the work, there is No work. (All qualifications will be checked prior to work commencing)
- Contractors and sub-contractors wanting to perform high risk work as defined by the Contract Risk Evaluation Form shall undergo a pre-qualification assessment and be issued an "Approved Contractor" certificate before being granted access to the site to commence work.

6.1 Excluded Contracts

Contracts may be excluded from this policy at the discretion of the Managing Director on the recommendation of the HSECQ Manager. In this instance, the Access Certificate for category 3.3 contractors must be completed in accordance with procedure P802.010 QAL Contract Management – Review of Category 3.3 Contractors.

6.2 Contractor Categories

All contractors engaged at QAL will be classified as per procedure P802.008 QAL Contract Management – Contractor Categories

6.3 Contract Principles

All contracts shall be scoped, sourced, negotiated, awarded, coordinated and administered across the Plant in a standard manner. In respect to short-term contracts, QAL's primary objective is to get the **best value** within Health, Safety, Environment and Community requirements. For long term contracts, in addition to that consideration, an essential element is a mutually beneficial, amicable and long-term relationship. Such a relationship requires a collaborative approach from both parties and QAL employees should display these attributes by applying vendor relationship management practices, whilst at the same time maintaining QAL standards and acceptable commercial dealings.

6.4 Contract Strategies

Following QAL's business risk management process, the objective is to contract work where evaluation has identified a benefit. Where such contract work is undertaken it shall be performed in accordance with existing policies and procedures, where those policies and procedures are identified as applicable to contractors. This provides a standardised approach across the Plant, with the potential exceptions of where Principal Contractor status can be given and/or innovative adaptations to the QAL policies and procedures are approved. This will allow QAL's employees to focus their skills on improving contract effectiveness, whilst maintaining good relationships with Contractors and ensuring the work is performed to QAL timeframes, budgets and quality requirements.

The decision to outsource must be based on risk management processes and be beneficial for QAL.

6.5 Contract Administration and Management

All aspects of Contract Administration and Management will apply to the following procedures:

- Feasibility (identification and classification)

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- Planning
- Implementation
- Finalisation
- Learning

All procedures must take into consideration as a minimum;

- A robust risk management process that considers all aspects of people, plant, process, property, health, safety, environment and community.
- The identification of legal and other requirements and implementation of controls to ensure compliance.
- A robust process for scope definition and deployment.
- Key stakeholders including clearly defined responsibilities and accountabilities.
- Selection criteria (including qualification and competency requirements) for the successful contractor.
- Compliance and performance criteria to ensure adherence to contract scope, terms and conditions.
- Post Completion Review to capture learning's

6.6 People and Qualifications

The QAL Contract Owner and QAL Supervision of the Contract shall complete training as per the table below before they may be responsible for;

- Management of a contract
- Co-ordination of work performed under a contract, or
- Co-ordination of employees of a contractor.

Contract Category	Training Module
Categories 3.3 and 4	PG26a Contract Management Process – Level I
Categories 2, 3.1 and 3.2	PG26b Contract Management Process – Level II

The QAL Contract Owner and QAL Supervision of the Contract will be assessed as competent to the required level using the QAL “Contractor Management Competency Assessment” (Word>File>New>On my computer>Training>CMM Competency Assessment>TR-027). This competency assessment shall be repeated every 5 years.

The QAL Contract Owner shall ensure that all contractor qualifications, competencies and minimum compliance training requirements are identified prior to the commencement of work. This function may be delegated to the Supervisor of the contract for the work. Qualification and training record data shall be entered and maintained as SAP training records for each contract employee prior to the commencement of work. Refer Portal – “M”anager self-service – Qualifications Reports and training module MP30 Maintain Employee Data.

All Contractor Supervisors shall be required to attend the QAL 3 day induction process (refer Training and Induction Procedure P703.018) – This is a requirement for all contracts greater than 3 months.

Any contractor personnel required by QAL to work on an ‘employee replacement’ or ‘ Top Up Labour’ basis shall be required to have completed the relevant QAL training, as determined by QAL - P713.108 Training and Induction.

This labour provision will be in accordance with Procedure P802.006 - QAL Contract Management Process and Work Instruction W802.006.14 Provision for Supplementary Labour.

6.7 Records Retention

All contract management records shall be retained and filed as per Contractor Management retention of records matrix (refer Contract Management Feasibility Procedure P802. 001.)

7.0 ATTACHMENTS

Nil

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