

Guidance on meeting expectations of  
*El Process safety management framework*

Element 18: Contractor and supplier selection and  
management

GUIDANCE ON MEETING EXPECTATIONS OF EI PROCESS SAFETY  
MANAGEMENT FRAMEWORK

ELEMENT 18: CONTRACTOR AND SUPPLIER SELECTION AND MANAGEMENT

1<sup>st</sup> edition

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## PUBLICATIONS IN THIS SERIES

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- *Element 1: Leadership, commitment and responsibility*
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- *Element 3: Employee selection, placement and competency, and health assurance*
- *Element 4: Workforce involvement*
- *Element 5: Communication with stakeholders*
- *Element 6: Hazard identification and risk assessment*
- *Element 7: Documentation, records and knowledge management*
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- *Element 17: Work control, permit to work and task risk management*
- *Element 18: Contractor and supplier, selection and management*
- *Element 19: Incident reporting and investigation*
- *Element 20: Audit, assurance, management review and intervention*

## FOREWORD

Process safety management (PSM) is vital to ensuring safe and continued operations in major accident hazard (MAH) organisations. However, PSM is a multifaceted process, and a number of high profile incidents since 2005 have suggested that without a holistic understanding of the various factors required for effective PSM it can be difficult and inefficient to ensure, and measure, performance.

In 2010 the Energy Institute (EI) published *High level framework for process safety management (PSM framework)*, which aimed to define what PSM should involve. Divided into four focus areas (process safety leadership, risk identification and assessment, risk management, and review and improvement) and sub-divided into 20 'elements', it sets out a framework of activities MAH organisations should undertake to ensure PSM. Each element lists a number of high level activities organisations should meet (expectations).

EI *Process safety management guidelines* is a series of 20 publications ('guidelines') that build on the PSM framework. Commissioned by the EI Process Safety Committee (PSC) each guideline captures and presents current industry good practices and guidance on how organisations can meet the expectations set out in each element of the *PSM framework*. Each guideline includes:

- a logical flow diagram of activities (steps) the organisation should undertake to manage that element;
- descriptions of those steps;
- example performance measures (PMs) to measure the extent to which key steps have been undertaken;
- a list of further resources to help undertake key steps;
- a table mapping the steps against the expectations in the *PSM framework*, and
- annexes of useful information.

Readers implementing the guidance in this publication should be aware of the *PSM framework* and the other publications in this series, particularly if they are a manager with oversight of the wider implementation of PSM.

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# 1 INTRODUCTION

## 1.1 CONTRACTOR AND SUPPLIER SELECTION AND MANAGEMENT

This guideline sets out good practices for selecting and managing contractors and suppliers working for the organisation. Management should ensure that contractors and suppliers are appropriately selected and managed in order to assure their capabilities and support the sound execution of the organisation's operations.

Third parties doing work on the organisation's behalf may impact its operations and its reputation. Management should ensure that third parties perform in a manner that is consistent and compatible with the organisation's HS&E and process safety requirements.

## 1.2 EXPECTATIONS FOR ELEMENT 18: CONTRACTOR AND SUPPLIER SELECTION AND MANAGEMENT

Element 18 of EI *High level framework for process safety management* ('PSM framework') describes eight expectations – arrangements and processes that organisations should (to an appropriate degree) have in place in order to ensure they are managing this aspect of PSM appropriately:

- |           |   |
|-----------|---|
| 'Overview | Third parties doing work on the organisation's behalf may impact its operations and its reputation.<br>Management should ensure that third parties perform in a manner that is consistent and compatible with the organisation's HS&E and process safety requirements.  |
| 18.1      | There is a process to ensure that third party services are evaluated and selected against criteria that include an assessment of capabilities to perform work in a robust manner and meet the organisation's HS&E and process safety performance expectations.  |
| 18.2      | HS&E and process safety performance evaluation criteria are defined for third parties. Contractor and supplier compliance with legislation is a minimum requirement. The evaluation criteria are aligned to the EI <i>PSM framework</i> expectations.   |
| 18.3      | All contractors are inducted and appropriately informed/trained on relevant organisation procedures and practices, and the specific hazards associated with any work they undertake. Impacted organisation personnel are briefed on and understand the risks arising from the contractors' activities and the necessary support or control measures. Specific focus is given to emergency procedures. |
| 18.4      | Effective organisational, communication and control arrangements are in place between organisation personnel and contractor personnel to manage the risks effectively.  |



- 18.5** Third party performance (in particular against required performance criteria) is routinely monitored and assessed, feedback is provided, and non-conformities are corrected.
- 18.6** Adequate numbers of competent personnel are available to carry out the required contractor and supplier, selection and management arrangements.
- 18.7** Arrangements for contractor and supplier, selection and management are understood and followed; understanding of arrangements and compliance with them is regularly tested.
- 18.8** Compliance and performance trends are reviewed by specified levels of management.'

This guideline provides a process, along with guidance, to help organisations meet these expectations. It also suggests a number of compliance checks and performance measures (PMs) to measure the extent to which key activities involved in meeting these expectations have been or are being undertaken.