

SOUTHCO, INC.
CONTRACTOR POLICIES AND PROCEDURES

CERTIFICATION

By signing below, the Contractor representative certifies that the Contract company has received copies of the attached Policies and Procedures and agrees to abide by these rules and procedures in conjunction with any work done for Southco, Inc. or on Southco, Inc. property. The Contractor further agrees to provide copies of the attached Southco Policies and Procedures to all employees, subcontractors and agents of Contractor performing on-site services and to ensure compliance by all such persons under the employment or direction of the Contractor. A violation of the attached Policies and Procedures by the Contractor or his employees, subcontractors, and agents constitutes a material breach of contract and may result in termination of the applicable agreement with Southco.

Failure to sign the certification letter will result in the termination of work with the contract company.

Contractor

Contractor's Name: _____

Representative's Signature: _____

Representative's Name (Printed): _____

Title (Authorized Representative): _____

Date: _____

PLEASE SIGN ABOVE AND RETURN THIS PAGE ONLY TO SOUTHCO'S PURCHASING DEPARTMENT. RETAIN THE ATTACHED POLICIES AND PROCEDURES FOR YOUR RECORDS.

Contractors are requested to make themselves familiar with the Southco Quality and Environmental Policies by visiting <http://www.southco.com/about/quality.aspx>.

SOUTHCO, INC.

CONTRACTOR POLICIES AND PROCEDURES

The following Southco, Inc. Policies and Procedures (“Policies and Procedures”) are applicable to all Contractors, subcontractors and other parties performing services on any Southco, Inc. premises. All Contractors performing services on Southco, Inc. premises shall sign the foregoing statement to signify that they have received a copy of the attached Policies and Procedures and agree to adhere strictly to them. In addition, the Contractor shall ensure compliance with these Policies and Procedures by Contractor’s employees, agents and subcontractors.

The attached Policies and Procedures are meant to supplement and not replace applicable federal, state and local laws, rules and regulations applicable to the Contractor’s work for Southco with which Contractor is required to comply. A violation of any such rules or regulations (including the attached Policies and Procedures) constitutes a material breach of contract and may result in termination of the applicable agreement with Southco.

Any questions regarding the intent or interpretation of the attached Policies and Procedures should be referred to Southco’s contract administrator.

1.0 ENVIRONMENTAL POLICY

a) The Southco EHS Policy

Southco is committed to the environmental safety and health of its employees, customers and neighbors and to the protection of the environment. Southco is also committed to an effective environmental management system designed to support our strategic business objectives.

The following principles shall apply to all business practices:

- Conduct business so that environmental challenges are managed as an integral part of current and changing business strategies.
- Recognition that all Southco associates must be trained to perform their jobs in a safe and environmentally responsible manner.
- Commitment to full compliance with applicable governmental requirements and Southco standards.
- Dedication to prevention of pollution and continual improvement of our environmental management system.
- Establishment of objectives and targets which consider environmental aspects and impacts as an integral part of our business decision-making process.

b) As a contractor of Southco, you are expected to support this policy such that no actions undertaken by you cause harm to human health or the environment, compromise the goals and objectives of the Southco environmental program, and in no way undermine the core philosophy of the environmental policy.

c) As defined by the Southco Environmental Management System, if your activities affect or have potential to affect any significant environmental aspects, special information will be provided by plant personnel concerning any special precautions necessary to preserve the integrity of the EMS.

d) As a contracted agent of Southco, both the Southco Environmental Policy and Environmental Management System apply to your activity. Any actions taken that do in fact compromise the environmental policy may jeopardize our compliance, reduce our ability to meet our goals and objectives, and cause risk to human health and/or the environment.

2.0 SAFETY POLICIES, RULES AND PROCEDURES FOR CONTRACTORS

2.1 GENERAL

Southco, Inc. believes that safety is more than an economic necessity for the individual or the Company. Protecting our most important asset – our people, warrants the best efforts and diligence of all levels of Southco's management and employees as well as its Contractors and agents. Accordingly:

a) Contractors will provide a safe work environment for both Southco employees and their own associates through the use of safe equipment, proper job instruction and adequate protection of all of its employees and all Southco agents and associates accessing the work area. To this end, all Contractors must conduct their operations in a safe manner at all times, and all facilities of Contractors, services rendered, equipment and processes must be designed, performed, installed, tested and used in such a manner as to minimize the potential for injury.

b) In addition to the Southco procedures outlined herein, Contractor must comply with the rules and regulations of all other applicable authorities, including without limitation, all applicable federal, state and local laws, rules and regulations and applicable rules and regulations with respect to fire protection, personal protective equipment, excavations, and material handling equipment. In addition, Contractor shall comply with "best practices," and the latest available revisions of appropriate industry standards such as American National Standards (ANSI), and the National Fire Protection Association Codes (NFPA) shall be used as a basis for determining acceptable arrangements for equipment and processes.

c) These Policies and Procedures do not relieve the Contractor or subcontractor from their responsibility for safety training of their personnel in general accident/injury prevention. Contractor should train its agents and employees to recognize and avoid unsafe conditions and practices associated with their work, as required by applicable regulations.

2.2 GENERAL SAFE WORK EXPECTATIONS

a) **Competent Person:** The contractor must provide a designated, full-time, "competent person," capable of recognizing hazards and unsafe work practices, who has the authority to take prompt, corrective action to eliminate/control them. This person, and/or the main Contractor, must be available at all times to accompany the Southco Project Manager or Safety, Health and Environmental representative during unannounced safety audits of the project. The competent person must maintain a list of employees on site at all times so that contract employees can be accounted for during an emergency.

If English is not the primary language of the Contractor's employees, an employee capable of interpreting and communicating with Southco personnel must be provided. It is required that this bilingual individual will be on-site while work is being performed in the event of an emergency situation.

b) **Reporting:** The contractor must promptly report to the Southco individual responsible for the project, any unsafe conditions of the job that may exist due to Southco operations or activities. Any damage to Southco property shall be promptly reported to the Southco individual responsible for the project.

c) **Work Zone Isolation:** Areas of construction excavation, remodeling, overhead work, etc., shall be "roped-off" or otherwise barricaded and be designated "Danger Zones". Admittance to, or passage through, these areas is prohibited except to employees of the Contractor or Contractor's agents whose immediate work is within the actual area, or to those employees of Southco whose entry is permitted by the Contractor or Contractor agent

d) **Housekeeping:** All contractor work areas must be kept free of waste and maintained in a clean fashion at all times during the project and must be left "broom clean" upon completion of the project. All materials must be stacked neatly and safely. All nails must be pulled from, or bent over in scrap lumber. Oil on all walking surfaces, i.e., floors, platforms and stairs, must be removed immediately or covered with an approved absorbent.

e) **Personal Protective Equipment:** All Contractor personnel must be aware of, and follow, posted site safety rules concerning the use of personal protective equipment at each facility. As a minimum, ANSI-approved, steel-toed safety shoes are required at all times inside the manufacturing and warehouse areas or any other area where required by Southco. Impact resistant safety glasses with sideshields meeting the ANSI Z-87 standards must be worn at all times while working on Southco property. Additional protective clothing must be worn where there is potential danger to the Contractor Employees and/or where required by Southco.

f) **Clothing/Jewelry/Hair:** Wearing of loose clothing, wristwatches, long neckties or loose headbands while working around or operating machinery is prohibited. Rings must not be worn by contractors performing any type of electrical work, or in situations where a ring may present a snag hazard. Sandals, flip flops, heels over 1" in height or open toe or open heel shoes are not permitted in the plant. Long hair must be secured whenever the possibility exists that it may get caught in machinery or equipment.

g) **Tobacco Products:** Smoking and use of chewing tobacco is strictly forbidden in the facility. Cigarette butts and matches must be discarded in ashtrays and butt cans as provided in designated smoking areas.

h) **Firearms:** Firearms of any type will not be permitted on plant property by anyone other than law enforcement personnel, whether or not a permit for the weapon has been obtained.

i) **Restrooms:** Contractor shall provide toilet facilities for its employees. When conditions warrant, the Southco individual responsible for the project, together with the facility manager, may authorize the use of Southco toilet facilities by outside Contractors.

j) **Lunchrooms/Food Consumption:** Lunchrooms on the premises are generally for the use of Southco employees. Contractors are expected to make their own arrangements for their employees. When conditions warrant, the Southco individual responsible for the project, together with the facility manager, may authorize the use of Southco facilities by outside Contractors.

Food is not to be stored or consumed in active production areas. Open containers of beverages are not to be stored in the production area. Contractors and employees should immediately wash exposed body parts after handling, using or performing operations with intimate exposure to hazardous chemicals or production materials.

k) **Emergency Equipment:** Aisles, eyewashes, safety showers, electrical panels, fire extinguishers, exits, fire hoses and fire doors must remain unobstructed at all times. Contractor shall immediately notify the Southco Environmental, Health, and Safety Manager immediately if a Southco fire extinguisher has been discharged or an emergency eyewash or safety shower utilized.

o) **Material Handling:** Lifting, moving or handling of heavy or awkward loads shall not be permitted, unless assisted by means of mechanical conveyance or additional personnel. Use of Southco owned material handling equipment will be prohibited unless authorized by the site Environmental, Health, and Safety Manager.

p) **Equipment/Tooling:** All Contractor-owned equipment and tooling used on a Southco site must be in good working condition, and meet all applicable manufacturer and regulatory requirements. This equipment may be subject to visual inspection by Southco personnel. When available, equipment used shall bear the listing label of Underwriter's Laboratories, Inc. (UL), Factory Mutual Systems (FM) or CE as applicable. Use of equipment and tooling shall be for its' intended purpose and meet all safety requirements.

q) **Cell Phones/Electronic Equipment:** Site-specific policies regarding cell phones and electronic equipment must be followed. In general, cell phones and other electronic equipment are strictly prohibited while operating equipment, working around material handling equipment, or while in forklift aisles.

r) **Conduct:** Horseplay, roughhousing or running through the plant and use of profane language is prohibited.

s) **Other:** Contractor shall follow at all times all other Southco safety and environmental procedures of which Contractor has been notified.

2.3 FIRST AID/INJURY

- a) Prior to commencement of a project, Contractor shall make provisions for prompt first-aid treatment for employees and for medical attention in the event of a serious injury.
- b) All injuries, no matter how slight, and any near-miss shall be immediately reported to the Southco representative responsible for the project. Contractor is responsible for maintaining a record of injuries/illnesses. A copy of the supplementary record of occupational injury and illness should be forwarded upon request to the Southco representative responsible for the project.
- c) Bodily fluid spills will be immediately reported for proper clean up and disposal.

2.4 EQUIPMENT OPERATION AND SAFETY

- a) **Authorization:** Unauthorized operating or tampering with equipment is prohibited. This includes, but is not limited to, valves, switches and piping of either process equipment or fire/smoke detection/suppression systems. Contractor should contact the responsible Southco representative regarding work involving these operations.
- b) **Utilities:** Contact the Southco representative responsible for the project should it become necessary to utilize plant air, steam, or other utilities.
- c) **Fire/Non-Potable Water:** There shall be no direct connection, either temporary or permanent, between any domestic or fire water system and a non-potable water or process system. When domestic or fire water is used for non-potable water systems, a positive air gap, or approved back flow preventer must be used to prevent back flow and possible contamination of the domestic or fire water system.
- d) **Equipment/Tooling:** Use of any equipment or tools that the Contractor has not been properly trained to use is prohibited. Contractors must be authorized by their Southco representative to use fork trucks, cranes, tooling, and other Southco owned equipment.
- e) **Guarding:** All tooling and equipment used by Contractor shall be guarded in accordance with applicable OSHA and ANSI standards. Guarding shall be designed to prevent accidental access to points of operation and other mechanical hazards created by the Contractor's activities, and must protect against other physical hazards such as, but not limited to, flying debris, chips, splashes, excessive noise, and welding flash.

When Contractor scope includes operation and/or maintenance of Southco owned machines and equipment, all machines and equipment are to be operated with all guards in place. Under no circumstances are machines or equipment to be operated without such guards in place unless authorized to do so by the Environmental Health and Safety Manager.

- f) **Lockout/Tagout:** Lockout/tagout procedures are to be followed whenever servicing or repairing any powered machinery or equipment as defined by OSHA 29 CFR 1910.147. Under no circumstance shall any employee remove, tamper with or otherwise disturb any lockout or tagout device without following proper notification and reporting procedures. Contractors involved in lockout/tagout must have a written lockout/tagout program that meets or exceeds Southco lockout/tagout requirements. A copy of this lockout/tagout program shall be made available to Southco.
- g) **Energized Electrical Work:** When contract services require energy to the machinery or equipment for either troubleshooting purposes or if lockout/tagout of the equipment could potentially create a greater risk, lockout/tagout of the equipment may not be feasible. For these circumstances, the contractor shall notify the Southco Environmental, Health, and Safety Manager prior to beginning work. In order to conduct servicing or maintenance on energized electrical equipment, the procedures detailed in the National

Fire Protection Association standard 70E as well as Southco site specific procedures must be met.

h) **Hot Work:** Contractors shall meet site-specific hot work procedures when contract activities include welding, cutting, brazing, or conducting any work where there is either a hot flame or the potential for sparks.

i) **Fall Protection:** Contract work from elevated surfaces of 6 feet or higher require the use of fall protection. Fall protection must meet applicable OSHA and ANSI standards.

j) **Confined Space:** The Southco representative will notify the contract company if services require work in a confined space. If the work area is a defined confined space, the contractor will be responsible for meeting the requirements of the OSHA Confined Space Entry standard and provide the necessary training, monitoring equipment and personnel for the safe entry of the space.

2.5 CHEMICALS, MSDS AND WASTE DISPOSAL

a) The contractor must provide Material Safety Data Sheets (MSDS) for all hazardous chemicals or materials (reference OSHA, EPA and DOT definitions) to be used on-site during the project. MSDS shall be provided to the facility Environmental Safety and Health representative at least 5 working days in advance of delivery and use for review. Should such material(s) be of concern to Southco, Southco may refuse contractor use of such material.

b) All safety and handling precautions listed on Material Safety Data Sheets are to be followed when handling, transferring or otherwise using any hazardous chemical or material.

c) All waste, including solid debris and wastewater, generated during Contractor site activities will be disposed of in accordance with applicable state, local, and federal regulations. Waste from contractor activities will not be mixed with Southco waste or trash unless approval has been obtained from the site Environmental Health and Safety Manager

d) All waste management practices are to be observed at all times, including: proper labeling, closing of containers, transfer to the waste storage room (after filling) and maintaining only one (1) waste drum of each hazardous waste stream per accumulation area. Waste containers must be compatible with the waste and in good condition.

e) All chemical containers are to be properly labeled in accordance with the Hazardous Materials Identification System (HMIS) procedures. If the identify of a chemical, is unclear, the material is not be used until the chemical is properly labeled and the matter is corrected.

f) Grounding and bonding of containers are required whenever transferring flammable liquids. Plastic or other non-conductive containers are not to be used for dispensing of flammable liquids.

g) Secondary containment (e.g. a spill containment pallet, overpack drum, etc.) must be available for all hazardous waste containers filled by contractor activity.

3.0 SITE SECURITY

- a) Each contractor individual must report to the Entrance Lobby at the Beginning of each workday, sign in, and receive a "Contractor's Badge", which must then be visibly displayed while on the premises. At the end of each workday the "Contractor's Badge" must be returned to the receptionist and each individual must sign out. Authorized Southco personnel must initially escort all Non-Southco individuals to their internal destination.
- b) Contractor is requested to limit its employees to the areas in which its work is being performed. Arrangements for employees to visit other areas for procurement of necessary services or materials must be coordinated with the Southco individual responsible for the project. Contractors whose employees make repeated unauthorized visits to areas other than those in which they are working may be barred from the plant.
- c) Removing Southco property or the property of Southco employees from the premises without express written authorization is prohibited.
- d) Contractor personnel are responsible for the security of their personal tools and equipment. Southco in no way assumes responsibility for loss or theft of such tools or equipment.
- e) General Contractors shall notify the Southco individual responsible for the project, in advance, of the names and dates of operation of any subcontractors to be used on the project.
- f) Vehicles and personnel entering/exiting the plant are subject to inspection by Southco. This includes, but is not limited to, personal carry-in containers.
- g) Compliance with designated site traffic routes, regulations and signs is required.

4.0 FIRE PROTECTION AND EMERGENCY PROCEDURES

- a) Contractors shall provide adequate fire safety equipment, including fire extinguishers, fire resistant enclosure tarpaulins, barricades, etc., as considered necessary, and maintain them in serviceable condition.
- b) Contractor is responsible for ensuring that its employees and agents are aware of the location of fire and safety exits in their work area.
- c) Plant fire prevention equipment and all other emergency equipment and exits shall be kept free of obstructions and Contractor equipment. Contractor's employees must know the location and proper use of the equipment in their work area.
- d) Fire fighting equipment must be used for fire fighting purposes only.
- e) Clearance must be obtained from the Southco Environmental Health and Safety Manager prior to removing any fire protection equipment from service.
- f) If a small fire is discovered, immediately evacuate and notify Southco personnel. Only personnel trained in fire extinguisher use may attempt to extinguish the fire with a fire extinguisher.
- g) When the site alarm is sounded indicating a site emergency, Contractor/subcontractor should evacuate the facility according to the local evacuation plan. Personnel should turn off all equipment and evacuate to the assigned checkpoint for a head count. The competent person will be responsible for maintaining an accurate list of contract personnel who are currently on-site. Missing contract personnel shall be immediately

reported to the Southco Emergency Response Team. Contractors shall not return to work until instructed to do so by Southco Management.

5.0 SEXUAL HARASSMENT POLICY

a) Southco expects all employees to accomplish their work in a business-like manner with a concern for the respect and wellbeing of their co-workers. Employees have the right to work in an environment conducive to equal opportunity and free from harassment and discriminatory practices. For this reason, sexual harassment and harassment on the basis of gender, race, ethnicity, age, religion, disability, sexual orientation and other protected status recognized by state or local law are not tolerated at Southco.

b) The term "sexual harassment" refers to any unwelcome sexual attention, sexual advances, requests for sexual favors and other verbal, visual or physical conduct of a sexual nature when:

- i. submission to such conduct is made, either explicitly or implicitly, a term or condition of an individual's employment; or
- ii. submission to or rejection of such conduct by an individual is used as the basis for an employment decision affecting an individual; or
- iii. such conduct has the purpose or effect of unreasonably interfering with an individual's work performance; or
- vi. such conduct has the purpose or effect of creating an intimidating, hostile or offensive working environment.

c) Sexual harassment can include verbal, nonverbal or physical conduct. Specific examples include, but are not limited to, threatening adverse employment actions if sexual favors are not granted; promising preferential treatment in return for sexual favors; unwanted and unnecessary physical contact; lewd looks or gestures; discussion of sexual activities; excessively offensive remarks, including unwelcome comments about appearance; obscene jokes, or other inappropriate use of sexually explicit or offensive language; the display in the workplace of sexually suggestive objects or pictures.

d) An intimidating, hostile or offensive working environment may be created by the existence of such circumstances as those described in the preceding paragraph or other circumstances creating a sexually discriminatory working environment.

e) Harassment on the basis of gender, race, ethnicity, age, religion, disability, sexual orientation and other protected status recognized by state or local law is also prohibited by this Policy. Such harassment includes, but is not limited to jokes, slurs, comments or actions that are demeaning to another or that create an offensive, hostile, or threatening work environment.

6.0 DRUG AND ALCOHOL POLICY

a) Southco supports a safe work environment that is free from drug and alcohol use. Southco prohibits the possession of, or use, manufacture, distribution, sale, transfer, or purchase of unlawful drugs while on company property. Illegal drugs includes all controlled substances as defined by applicable State and Federal law (including substances set forth in the Controlled Substances Act (21 U.S.C. 812) and applicable regulations).

b) No Contractor employee will report for work or will work in a condition unfit to work due to being impaired by any substance, drug or alcohol, lawful or unlawful. "Impaired" shall mean under the influence of a substance such that the person's motor senses (e.g.,

sight, hearing, balance, reaction, reflex or judgment) either are or may be reasonably presumed to be affected.

c) No Contractor employee, while on any part of Southco's property (such as parking lots, grounds, buildings, etc.), will possess any quantity of any unlawful drug. "Possess" shall mean to have either in or on an employee's person, personal effects, motor vehicle, tools and any area substantially entrusted to the control of the Contractor employee.

d) No Contractor will bring any quantity of alcohol onto Southco property with the intent to consume or will consume any quantity of alcohol on Southco property.

d) For purposes of insuring compliance with the prohibition of possession or use of unlawful drugs or alcohol on Southco property, Contractor employees may be subject to random inspection. Without cause, the Contractor employees' work area and similar areas are subject to inspection at any time on a random, nondiscriminatory basis for purposes of assuring compliance with this policy. Similarly, a Contractor employee's vehicle, lunch box and like personal containers are subject to such inspection when brought onto Southco property.

7.0 CONFIDENTIALITY POLICY

a) All Contractors must execute, prior to the commencement of the work, a Confidentiality Agreement in form and substance reasonably acceptable to Southco.