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HEBRON PROJECT

Canada - Newfoundland and Labrador
Benefits Guidelines for Contractors



ExxonMobil Canada Properties

**Canada-Newfoundland and Labrador
Benefits Guidelines for Contractors**

Submitted to:

Canada-Newfoundland and Labrador Offshore Petroleum Board
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1.0 PURPOSE

The purpose of these guidelines is to articulate EMCP's policies and procedures in relation to Canada-Newfoundland and Labrador Benefits for the Hebron oilfield development and provide direction for contractors and subcontractors on how to reflect these procedures into their everyday business.

2.0 SCOPE

These guidelines cover all aspects of Canada-Newfoundland and Labrador benefits including content, employment, education and training, research and development, diversity and other reporting requirements.

3.0 OBJECTIVES

The objective of this document is to ensure Canada-Newfoundland and Labrador Benefits principles and guidelines are applied consistently throughout the Hebron Project and information provided to the C-NLOPB by EMCP, as operator of the Hebron Project, is in compliance with reasonable interpretations and that amounts reported are accurate. It is also an objective of EMCP to ensure responsibility for accurate reporting is cascaded through the contracting chain to major contractors and their subcontractors and that processes and systems are in place to effectively monitor their reported achievements.

4.0 DEFINITIONS

Term	Definition
EMCP	ExxonMobil Canada Properties
C-NLOPB	Canada-Newfoundland and Labrador Offshore Petroleum Board
R&D	Research and Development
E&T	Education and Training
RFP	Request for Proposal
RFQ	Request for Quotation
ITB	Invitation to Bid
EOI	Expression of Interest

5.0 CANADA-NEWFOUNDLAND AND LABRADOR BENEFITS PRINCIPLES AND GUIDELINES

5.1 Introduction

Section 45 of the Canada-Newfoundland Atlantic Accord Implementation Act requires that the Hebron Project develop a Benefits Plan designed to provide a full and fair opportunity to Newfoundland and Labrador and other Canadian manufacturers, contractors, consultants and service companies to participate, on a competitive basis, in the supply of goods and services to the Hebron Oilfield Development. The legislation also requires that the Benefits Plan provide for first consideration be given to services provided from within the Province, where those services and goods are competitive in terms of fair market price, quality and delivery. Under the Benefits Plan, first consideration shall also be provided to individuals resident in the Province for training and employment; consistent with the Canadian Charter of Rights and Freedoms.

EMCP acknowledges that benefits considerations have been important in Newfoundland and Labrador since the late 1970s. The development of a provincial offshore petroleum industry with growth in scale and scope of activity has become a significant contributor to the provincial economy and treasury. Through the Benefits Plan and Benefits Agreement commitments, EMCP's goal is to deliver long-term value to shareholders and to Newfoundlanders, Labradoreans, and other Canadians

Compliance with the procedures described in this document is fundamental to meeting:

- Legislative requirements of the Canada-Newfoundland and Labrador Atlantic Accord Implementation Acts;
- Commitments of the Hebron Project Owners, as outlined in the Hebron Canada-Newfoundland and Labrador Benefits Plan and the Hebron Benefits Agreement; and
- Requirements of the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) as set out in Hebron Development Application Decision 2012.01 (This document is expected after the C-NLOPB has completed their review of the Hebron development application and will be appended to these guidelines)

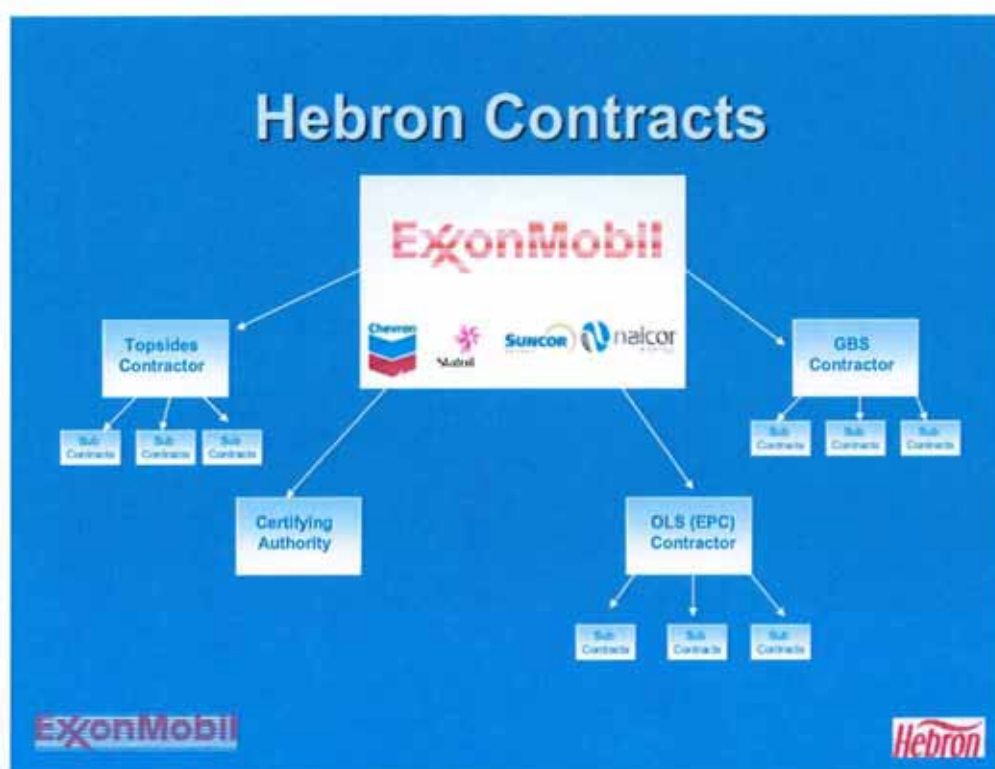
Canada-Newfoundland and Labrador benefits considerations will be a fundamental component of the Hebron Project contract and procurement process. EMCP will undertake a series of initiatives to encourage Newfoundlanders' and Labradoreans' and Canadians' participation. Hebron contractors will be expected to undertake the same or similar initiatives. Some of these initiatives include:

- Committing to maintain an open dialogue with the supply community;
- Assisting local suppliers in identification of opportunities presented by the Project and encourage the formation of joint ventures, licensing arrangements, E&T and R&D activities in support of these opportunities;
- Creating and utilizing a Hebron vendor database;
- Holding Procurement and Contracting workshops in conjunction with key contracting milestones;
- Ensuring long lead times for information concerning goods and services requirements;

- Requiring Canada-Newfoundland and Labrador content estimates from bidders in bid packages > CDN\$250,000 and commitment for successful bidders to steward to those estimates;
- Ensuring all equipment specifications have been developed with appropriate references to Standards and Specifications used by Canadian industry;
- Including debriefing procedures as part of the procurement activities to inform, upon request, Canadian, Newfoundland and Labrador manufacturers and suppliers of specific shortfalls when they are unsuccessful in the prequalification and bidding process.

The operational structure for Hebron links EMCP, as the Operator, to the major contractors who will in turn coordinate and complete the subcontracting process for their respective areas of responsibility. The relationships are represented below in Figure 6.1.

Figure 6.1: Hebron Contracting Strategy



5.2 Canada-Newfoundland and Labrador Benefits Application Strategy

EMCP's approach to Canada-Newfoundland and Labrador benefits is driven by ExxonMobil's corporate objective to develop industrial and human capacity, and to create and deliver sustainable strategic benefits to host nations down to the community level. A primary objective is to meet the project commitments made to host governments and in operating agreements. To ensure the benefits objectives and commitments are achieved in all areas and that full and fair opportunity and first consideration is extended to all local potential suppliers and that first consideration for employment is extended to residents of the Province, EMCP requires all

contractors and subcontractors to comply with the Benefits principles, objectives and commitments in the Benefits Plan and Benefits Agreement.

EMCP will also require all Hebron contractors and subcontractors to comply with the requirements detailed in this document. Benefits information is to be provided on a regular basis and in compliance with the regulatory monitoring and reporting requirements of the C-NLOPB and generally accepted definitions, reasonable interpretations and standards. It is EMCP's responsibility to ensure:

- Canada-Newfoundland Benefits principles and guidelines are applied consistently to Hebron Project business activities; and
- Accurate reporting of Canada-Newfoundland and Labrador Benefit information to the C-NLOPB.

Application of the Canada-Newfoundland and Labrador Benefits principles and guidelines form an integral part of the contracting cycle as it relates to the Hebron Project. These principles and procedures will also form the basis of the terms of reference for the conduct of any monitoring or compliance reviews by EMCP and/or third party auditors.

All main contractors are required to incorporate these principles and guidelines in their daily business and decision processes. These guidelines are applicable to the following areas:

- Procurement and Contracting
 - Contract/P.O. Forecasting
 - Vendor List Development and Prequalification
 - Request for Proposals (RFP) , Invitation to Bid (ITB) and Bid Evaluation
 - Contract/P.O. Award and Administration
 - Contractor Performance Monitoring
- Employment
- Research and Development and Education and Training
- Diversity
- Canada-Newfoundland and Labrador Content Reporting
- Compliance Review Process

Detailed guidelines and procedures dealing with each of these topics follows, with additional supporting information contained in the attached Appendices.

5.3 Employment and Recruitment Strategies

EMCP is committed to hiring and developing employees from the communities in which it operates. Application of this commitment through the Benefits Plan will address the "first consideration" principle in the legislation, so that Newfoundland and Labrador residents, including members of the designated groups (women, Aboriginal people, visible minorities, and persons with disabilities), receive full opportunity for employment. EMCP will work to meet this

commitment through the following strategies and initiatives which will be guided by the ExxonMobil Equal Employment Opportunity Policy:

- Taking a long term view of future requirements and implementing timely training programs
- Developing detailed human resource plan for the operations phase
- Ensuring contractors meet legislative and contractual requirements in the delivery of employment and training initiatives
- Communicating human resource requirements for the Project in advance to enable individuals to train for opportunities
- Communicating projected human resource requirements to post-secondary institutions, education groups and other interested parties in a timely manner
- Participating in local and regional career fairs to promote careers in technical, engineering and trades/operational roles

EMCP also expects its contractors to incorporate the 'first consideration' principle into its employment and recruitment policies in order to provide Newfoundland and Labrador residents, including members of designated groups, full opportunity for employment.

In addition, the Hebron Benefits Agreement requires, for FEED and Detailed Engineering work performed outside of NL, that commercially reasonable opportunity also be provided to NL residents. This undertaking supplements the first consideration requirement of the Accord Acts. Application of the Accord Act provisions would not normally result in Newfoundland residents being afforded employment opportunities to work in engineering offices and construction sites outside the Province. There is no such similar Benefits Agreement provision to provide opportunity to NL residents for fabrication activity occurring elsewhere.

Immigration regulations require that foreigners working in Canada demonstrate (typically through a labour market survey) that they possess a unique skill set not available in Canada.

The following guidance is intended to further clarify these obligations:

- Contractors are not expected to "start from scratch" in setting up their organization in NL. It should be recognized that NL has developed a pool of experienced, qualified personnel and it would be advantageous to the Project to draw upon that pool. Presuming such consideration has been given and that immigration rules are satisfied, contractors may bring in their incumbent experienced and specialized staff (employees or consultants) to populate their project team. This is not a simplistic matter. One cannot simply say that because an individual is an existing employee of WP or KAC that they may be posted to the project without consideration of whether or not that capability exists in NL or Canada. In practical terms, the expectation for first consideration is tempered by an acknowledgement that contractors are not expected to significantly grow their overall employee base by hiring NL'ers if there are underutilized resources elsewhere in their organization. However, an appropriate balance must be achieved.
- Any practice of "staffing up" at the home office location to then relocate to NL would be contrary to the first consideration requirement.
- When staffing NL offices, as positions require less experienced / specialized qualification the expectation that the position can be satisfied using a NL resident may be raised. Career development of "home office" personnel, or similar assignments of less experienced / specialized staffing in NL, should be balanced by providing similar types of career

development opportunities to NL residents at contractors' home office / other location / other project activities.

- Traditionally, contractors have not been obliged to hire NL residents for their activities occurring outside of NL. The Benefits Agreement requirement is to provide "commercially reasonable opportunity" for engineering, technical or other professional positions. This requirement will help to facilitate the transition of work that may start outside NL but will be completed in NL. This includes FEED started outside the province transitioning to NL based detailed engineering. Another example is the transfer of detailed engineering and fabrication started outside the Province to NL based hook up and commissioning, etc.

5.4 Procurement and Contracting

Sound policies and procedures for procurement are required to ensure local benefits commitments are met and that the principles of full and fair opportunity and first consideration are consistently applied throughout the Hebron Project. These guidelines will facilitate the C-NLOPB's review of contracts meeting the C-NLOPB's "Monitoring and Reporting" Appendix IV of the Benefits Plan Guideline ("Guidelines") thresholds, subcontracts and purchase orders associated with the Hebron Development Project, including contracting and procurement by all contractors and subcontractors. Tenets of these guidelines cover three key areas:

- Annual Procurement Forecast
- Designated Contract Review Process
- Quarterly Procurement Report

The Guidelines designate certain contracts during the development phase of the Project for review. Under the Guidelines, EMCP is required to provide detailed information on these contracts at all stages of the procurement cycle from prequalification to award.

The procurement process for Hebron is structured to ensure that full and fair opportunity is provided to the local supply community to participate in the supply of goods and services while at the same time achieving best value for the Project. It is EMCP's expectation that main contractors establish a website (with a link to the Hebron website) to conduct the majority of procurement activities. This will provide an efficient and transparent means of conducting business related to the project. Expressions of Interest (EOI) regardless of value should be posted to the following websites for a minimum of two (2) weeks.

- Contractor Website
- NOIA Website
- BIDS.ca

A standard benefits and diversity statement will be included in all EOIs. A copy of the Hebron EOI template is located in Appendix VI.

A prequalification supplier capability survey questionnaire similar to the one used by the Hebron Project (Appendix V) will be issued to all EOI respondents (any exceptions for contracts > \$250,000 will be reported to EMCP). Generally, bid lists for competitive contracts greater than or equal to \$250,000 will be published on the websites for a minimum of two (2) weeks prior to close of bids to allow potential NL companies an opportunity to offer their services in support of the bid. Award notices for all contracts greater than or equal to \$250,000 will also be published on the websites to provide contact information to local NL companies who can potentially provide products or services in support of the contract. Contract values will not be published.

5.4.1 Contract / P.O. Forecasting

Thirty (30) days after the commencement of the calendar year reporting period, EMCP will require a listing of all contracts, subcontracts and purchase orders, \geq \$250,000, which will commence (or are forecast to commence) the contracting process in the upcoming year. Additionally, any forecasted contracts, subcontracts or purchase orders $<$ \$250,000 which could be viewed as sensitive by the C-NLOPB, should be identified in this listing and contain the following information as it relates to each contract or purchase order:

- A description of the service(s) or item(s) to be contracted/purchased; and
- Anticipated Request For Proposal (RFP) or Request for Quotation (RFQ) issuance date, closure date and contract/P.O. award date.

This information should be compiled by all contractors and subcontractors in the format provided in Appendix III (Page 5) "Procurement Forecast and Actual Summary Report" in the 'Forecast' column. The 'Actual' column will be updated on a quarterly basis. This Report should be transmitted electronically to EMCP fifteen (15) business days after the beginning of the year to which the report pertains. EMCP will compile the information provided in a comprehensive forecast and provide it to the C-NLOPB for its review in accordance with the Guidelines.

Pursuant to the Guidelines, the C-NLOPB will advise EMCP by the first business day of February each year which contracts, subcontracts and purchase orders have been designated for review. The C-NLOPB is to be informed of all additions and changes to the forecast and is to advise EMCP of its contract review requirements accordingly. EMCP will notify contractors which contracts have been designated for review, which will trigger the official reporting cycle.

Any contracts which arise during any given quarter which were not included in the annual forecast, or any significant changes to forecast contracts or purchase orders that may affect C-NLOPB designated items, must be immediately reported to EMCP.

5.4.2 Approved Vendor Lists

Where EMCP, its main contractors or subcontractors use Approved Vendor Lists (AVL), such lists shall not be used to circumvent the EOI and Prequalification process. Companies on these lists are not subject to the formal prequalification procedure but will be required to complete any benefits related questions that are included in the prequalification questionnaire which are specific to the Hebron project.

5.4.3 Prequalification

Where designated by the Guidelines at the prequalification stage, and prior to issuing a prequalification questionnaire to prospective bidders, the C-NLOPB will require the following:

- Description of the scope of work;
- Copy of the prequalification questionnaire (if these documents differ from the standard prequalification questionnaires previously reviewed by the C-NLOPB);
- List of companies who will be receiving the questionnaire, indicating location of head office(s); and
- Anticipated dates for closure of prequalification and issuance of an Expression of Interest (EOI) or Request for Quotation (RFQ).

The notification format, "Procurement Evaluation Report", is provided in Appendix III (Page 8).

5.4.4 Bidder List

Where designated by the Guidelines, at the bidder list stage, and prior to issuing an RFP or RFQ, the C-NLOPB requires the following:

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- List of bidders;
- A copy of the RFP/RFQ (C-NLOPB will advise EMCP of its requirements in this regard on a case by case basis);
- A description of corporate ownership (main shareholders by percentage) of bidders;
- Location(s) of any Canadian based offices/plants/facilities; and
- Anticipated dates for closure of bids and award of contract/purchase order.

The notification format, "Procurement Evaluation Report", is provided in Appendix III (Page 8).

5.4.5 Request for Proposal and Bid Evaluation

In developing RFP/RFQ's for all Hebron business, an integral component of that RFP/RFQ will be the Canada - Newfoundland and Labrador Benefits Content Questionnaire. This document, attached as Appendix IV, defines EMCP's requirements with respect to generating and documenting benefits for Newfoundland and Labrador and Canada from activities associated with the Hebron Project. The Canada - Newfoundland and Labrador Benefits Content Questionnaire:

- Informs bidders of EMCP's Canada-Newfoundland and Labrador Benefits commitments;
- Requests information from bidders regarding their ability to support these commitments;
- Requests estimates of the Canada-Newfoundland and Labrador content of the bid;
- The response is incorporated as an attachment to the contracts/Purchase Orders (P.O.) of successful bidders outlining their contractual requirements pertaining to Canada – Newfoundland and Labrador Benefits; and
- Are used as the basis for the Canada-Newfoundland and Labrador Benefits portion of the bid evaluation. All contractors and suppliers are required to include these, or similar documents as approved by EMCP, in their bid packages for work related to the Hebron Project and incorporate processes for evaluating Canada-Newfoundland and Labrador benefits.

5.4.6 Contract / P.O. Award and Administration

Where designated by the Guidelines at the award stage, and prior to the award of contract/P.O. to the selected bidder, C-NLOPB requires the following:

- The name of the selected contractor/vendor;
- A listing of designated sub-contractors/sub-vendors/sub-suppliers;
- Where applicable, a listing of proposed sub-contractors/sub-vendors/sub-suppliers;
- For construction/service contracts, the estimated Canadian and Newfoundland and Labrador employment (in person-hours);
- Contract/purchase order commencement and completion dates;
- Award rationale (evaluation of bids);
- Price differential (as a percentage) between selected bidder and each bid;
- Primary location(s) of work associated with each bidder;

- Estimates of Canadian and Newfoundland and Labrador content associated with each bidder calculated in accordance with the Canadian General Standards Board (CSGB) definition of Canadian Content found in CAN2-147.3-82, attached hereto as Appendix II;
- Other information relevant to the evaluation of bidders including where applicable, a summary of the technical, commercial and Canada-Newfoundland benefits aspects of the bid evaluations; and
- Provisions with respect to participation of disadvantaged individuals and groups, where applicable.

The award notification format, "Procurement Evaluation Report", is provided in Appendix III (Page 8).

Throughout the process for designated contracts, contractors are not to proceed to the next step in the procurement cycle until advised by EMCP that the C-NLOPB have concluded its review. Contractors should be aware the C-NLOPB conducts its reviews of the various phases of the procurement cycle within the following time frames so it is important to provide the appropriate notifications to EMCP in a timely manner to minimize any delays in the process.

Prequalification	5 business days
Bidders' list	3 business days
Award	2 business days

5.4.7 Quarterly Procurement Reports

The Guidelines require EMCP to submit, within thirty (30) days of the end of each quarter, a listing of all contracts, subcontracts and purchase orders, \geq \$250,000 awarded in the previous quarter. For each contract, subcontract and purchase order this listing should contain the following information as it pertains to each contract/P.O.:

- Item/service
- Name of successful contractor/vendor and estimated value of contract/subcontract purchase order
- Primary location of work
- Estimates of Newfoundland and Labrador and Canadian content
- Commencement and completion date

Information for the Quarterly Procurement Report should be provided in the format found in Appendix III (Page 5) "Procurement Forecast and Actual Summary Report" by the 10th business day following the quarter end to which the report pertains. This report will be used as an update to compare actual procurement activity to the annual procurement forecast submitted at the beginning of the year.

5.5 Canada-Newfoundland and Labrador Content Reporting

The Guidelines require a breakout of content (NL, Other Canadian, Non-Canadian) for all designated contracts. EMCP expects its contractors to comply with this requirement and provide information in the Procurement Evaluation Report (Appendix III, Page 5). Additionally, upon completion of a contract, actual cost and employment content is required to be reconciled, reported and certified by all contractors/suppliers with contracts/P.O.'s having a value greater than \$250,000.

5.6 Employment Reporting

For purposes of the reporting of employment generated by the Hebron Project, the Guidelines require EMCP to report employment of all major contractors and subcontractors. Employment statistics must be reported on number of persons and person hours. In reporting employment, the categorization is based on the residence of the individual at the time of joining the Hebron Project. The following guideline outlines how to define Newfoundland and Labrador, Other Canadian and Non-Canadian residents for purposes of employment reporting:

a) Newfoundland and Labrador Resident – A Canadian citizen or landed immigrant who meets the residency requirements of the Province as defined by the Elections Act, SNL 1992, CE 3.1. The main rules are as follows:

- i) a person is ordinarily resident in Newfoundland and Labrador ("NL") if that is where the person normally resides ("principal residence"); and a person may only have one principal residence at any point in time.
- ii) a person retains his ordinary residence in NL even if the person leaves the province and lives elsewhere for a temporary purpose such as vacation, to obtain hospital/medical care or to study.
- iii) other than for temporary purposes as described above, a person who leaves the province for a continuous period of more than six months ceases to be ordinarily resident in the province, even though the person intends to return at some future time.

b) Other Canadian Resident – A person born in Canada but living in a province or territory other than Newfoundland and Labrador who has not relinquished their Canadian citizenship, or a person who has been granted landed immigrant status whose normal residency is in a Canadian province or territory other than Newfoundland and Labrador.

c) Non-Canadian – A person not born in Canada and who has not been granted Canadian citizenship or landed immigrant status.

Person hours are to be reported based on location of work as illustrated in the following Table:

Resident Status	Location of Work Performed		
	NL	Canada	Non-Canadian
NL	NL	Other Canadian	Non Canadian
Other Canadian	NL	Other Canadian	Non Canadian
Non Canadian	NL	Other Canadian	Non Canadian

Information for person hours and number of persons shall be compiled by all contractors and subcontractors using Person Hour Summary Report and Head Count Summary Report found in Appendix III (Page 3). These reports shall be transmitted electronically to EMCP by the 10th business day following month end to which the report pertains.

5.7 Expenditure Reporting

To ensure accurate reporting, it is essential that financial systems are configured in a manner that allows for the generation and verification of Project benefits achievement, in terms of expenditures. Expenditures reported to the C-NLOPB must be auditable through to various disbursement reports created from the financial system used to maintain the financial accounting for the Project.

Canada-Newfoundland and Labrador estimates, provided by all contractors and subcontractors, are included in the contract/P.O. upon award. These estimates will be used as benchmarks to measure contractor performance relative to Canada-Newfoundland and Labrador content. EMCP expects contractors to calculate actual expenditure content in accordance with the

Canadian General Standards Board (CSGB) definition of Canadian Content found in CAN2-147.3-82, attached hereto as Appendix II and report this to EMCP on a quarterly basis.

To facilitate the monitoring and capture of Canada-Newfoundland and Labrador data in EMCP's financial system, all contractors and subcontractors are required to submit the Canada-Newfoundland and Labrador expenditure breakdown for the total amount invoiced for the period. The report must reflect the actual Canada-Newfoundland and Labrador content associated with the amounts invoiced for the quarter.

This information should be compiled by all contractors and subcontractors and presented in the format found in Appendix III (Page 5) "Monthly Expenditure Report". This Report should be transmitted electronically to EMCP by the 10th business day following month end to which the report pertains.

5.8 Education and Training and Research and Development

Section 45.3 (C) of the Accord Acts establishes a statutory requirement that a Benefits Plan designed to ensure that a provision is made through the project for Research & Development (R&D) and Education & Training (E&T) expenditures to occur in Newfoundland and Labrador. Under the Hebron Benefits Agreement, EMCP has committed to spend \$120 million on R&D and E&T over the life of the project and will report to the C-NLOPB annually at the end of the first quarter of each year. R&D and E&T carried out in Newfoundland and Labrador by EMCP's contractors and subcontractors can also be claimed towards fulfilling this commitment and as such, contractors and subcontractors are encouraged to use facilities and institutions in Newfoundland and Labrador and Canada for any R&D work and training requirements associated with their scope of work related to the Hebron project. Contact details of local training organizations for the offshore industry are included in Appendix I.

In order to be eligible, any R&D or E&T expenditure must occur in the Province of Newfoundland and Labrador. Activities which are eligible under the auspices of R&D include: basic research, applied research, experimental development, work undertaken with respect to engineering, design, operations research, mathematical analysis, computer programming, data collection, testing or psychological research where the work is commensurate with the needs, and directly in support of the category of research being performed.

Activities that are eligible under the category of E&T include support for the establishment and/or maintenance of education and training infrastructure, support for technology transfer or including the advancement of trades training, support for Chairs and Fellowships and scholarships and work terms including provincial residents who may study or work outside the Province.

Contractors will monitor all procurement activities to identify all potential R&D and E&T expenditures and bring these forward to the Hebron R&D Coordinator for further consideration and approval

Expenditures that are considered ineligible include salaries and wages of employees engaged in specific job training and regulatory training requirements. Examples of training that fall into this category include BST, firefighting training, HUEBA, coxswain, WHMIS, NORM, etc. The CAPP publication "Atlantic Canada Offshore Petroleum Industry Standard Practice for the Training and Qualifications of Personnel" contains a description of most of the regulatory training required for working offshore and can be used as a reference when determining if a particular training course is eligible under the R&D Guidelines.

Information should be compiled by all contractors and subcontractors using the R&D Report and E&T Report found in Appendix III (Page 6 and 7). These reports should be transmitted electronically to EMCP the 10th business day following month end, to enable review, consolidation and submission to the C-NLOPB.


5.9 Diversity

Valuing diversity is a business imperative for EMCP, both internally and in its dealings with others. EMCP recognizes that diversity fosters access to an expanded labour and supply pool. The Hebron Diversity Plan was developed based on ExxonMobil's diversity statement and Equal Employment Opportunity and Harassment in the Workplace policies and fully meets the requirements of the Hebron Benefits Agreement. Hebron's main contractors are required to develop plans to achieve diversity through employment and training, establishment of a supportive work environment, monitoring and reporting and facilitating business access. Contractors will be required to develop and submit their plans to EMCP. Plans and implementation reports will be reviewed by EMCP who may require plan and report revisions.

Section 5.2.1 of the Diversity Plan outlines EMCP's approach to data collection, monitoring and reporting of quantitative and qualitative diversity indicators. All main contractors will be required to implement similar and compatible procedures for monitoring and reporting to EMCP. The information will be provided by EMCP to the C-NLOPB in an annual diversity report.

5.10 Hebron Benefits Agreement Reporting

The Hebron Project owners have entered into a Benefits Agreement with the Government of Newfoundland and Labrador. This agreement includes explicit undertakings by the owners related to work to be undertaken in the Province. Contractors and subcontractors, who are engaged in activities related to activities defined in the Agreement, are required to report on these in addition to regular project benefits reporting described in previous sections of these guidelines. The following table outlines the quantitative commitments in the Agreement against which contractors will be required to report to EMCP.

 Benefits Agreement Progress Report					
Period:					
Project Component	Reference	Commitment (Person Hours)	Total This Month	Total To Date	Percentage Achieved
NL Project Team	Section 5.1	1,000,000		0	0.0%
GBS FEED Engineering	Section 5.2 (A)	50,000		0	0.0%
Detailed Engineering *	Section 5.3 (B)	1,200,000		0	0.0%
GBS Construction	Section 5.4 (A)	4,100,000		0	0.0%
Barge Fabrication	Section 5.5 (E)	106,300		0	0.0%
Total		6,456,300	0	0	0.0%

* Substantially all detailed engineering person hours for the GBS and components to be fabricated in the Province in excess of 1,200,000 will be done in the Province.

In addition, milestone reporting is required for other commitments described in the Benefits Agreement. The reporting format and frequency for these items will be determined by EMCP. The following is a summary of the sections in the Agreement for which benefits reporting will apply.

SECTION 5.2 (C)

Reporting Requirement

Transition late FEED to the Province for work on components to be fabricated or constructed in the Province, other than the GBS.

SECTION 5.3 (A)

Reporting Requirement

Agreement to perform Detailed Engineering of components to be fabricated in the Province and the GBS (including mechanical fabrication and mechanical outfitting of GBS) in the Province in accordance with Section 5.3 and Section 1 of Exhibit 'F'.

SECTION 5.3 (C)

Reporting Requirement

All Detailed Engineering person hours for GBS and components to be fabricated in the Province in excess of quantity described in 5.2 (B) will be done in the Province.

SECTION 5.3 (G)

Reporting Requirement

For Detailed Engineering performed outside the Province, Proponents shall make available engineering, technical or other professional positions to qualified residents of the Province where Detailed Engineering is performed.

SECTION 5.5 (A)

Reporting Requirement

Agreement that the fabrication of the following components takes place in the Province:

- (1) structural steel riser components and assembly of offshore loading system components:
riser bases, rigid risers, tie-in spools and boys
- (2) flare boom
- (3) heli-deck
- (4) lifeboat stations
- (5) mechanical outfitting of GBS
- (6) additional fabrication work, as described in Schedule B (construction of a transportation of support barge(s)) in the Province of at least 106,300 person hours and at least 1864 metric tonnes in weight
- (7) fabrication related hook-up and commissioning, as well as actual hook-up and commissioning
- (8) fabrication related to topsides and GBS mating as well as actual topsides and GBS mating.

SECTION 5.5 (B)

Reporting Requirement

Agreement that work with fabrication of following components shall be carried out in the Province, subject to provisions of Section 2 of Exhibit F.

- (1) topsides drilling support module fabrication and integration
- (2) topsides drilling derrick fabrication and integration

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SECTION 5.5 (C)

Reporting Requirement

Agreement that the work associated with the fabrication of accommodations module shall be carried out in the Province, subject to provisions of Section 2 of Exhibit F.

5.11 Compliance Reviews

In order to ensure the accuracy and completeness of information provided to the C-NLOPB over the life of the Project, EMCP may conduct compliance reviews of its own benefits numbers and those of its contractors and subcontractors. The frequency of these reviews shall not exceed one every twelve months. The primary objective will be to determine whether Canada-Newfoundland and Labrador benefits for individual contractors and subcontractors, as well as for the Project as a whole, are being achieved and if not, what reasons exist for the shortfall. The structure and content of compliance reviews will be determined by EMCP.

5.12 Retention of Information and Data

Supporting information and data files used for generating benefits reports and statistics are to be retained by the contractor for a minimum of three (3) years and are to be made available to EMCP for audit or verification purposes if requested.

5.13 Scalability

Even though Canada-Newfoundland and Labrador benefits requirements apply throughout the Project, it is recognized that not all contracts or services are similar in value and scope. It would be unreasonable to burden a small vendor with the full reporting requirements expected from the Topsides or GBS contractor. In many cases, a vendor may be bidding on the supply of a particular piece of equipment or a short-term contract involving one or two people. In this case, the Canada-Newfoundland and Labrador benefits information provided in the content questionnaire may be sufficient for reporting purposes. Therefore, EMCP will only require main contractors and subcontractors to provide the level of detail outlined in this document. Contractors which fall in this category include the GBS, Topsides, OLS and MICC. These contractors require the same level of reporting back to them from their larger subcontractors who hold high value contracts with a substantial workforce. Contracts under \$1 million in value and less than 6 months in duration will only be required to provide information on expenditure content, person hours and headcount information. Vendors who provide product or service with no labour component need only provide a breakout of content in their bid submission. (ie) water treatment chemicals, wireless telephone service contract. The determination of contractor category will be a subjective process based on certain criteria as illustrated in the following table which can be used as a guide:

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Contractor Category	Determining Factors	Level of Reporting
Main	High value, high employment, considerable sub-contracting opportunities, potential for R&D/ET spending, potential for technology transfer, potential for diversity gains, high visibility in the community	High - expenditure content, person hours, headcount, list of sub-contracts (value/location), R&D/E&T, Diversity Plan, designated contracts, procurement forecasts/reports, supplier development initiatives, technology transfer, quarterly reports
Medium	High employment, subcontracting opportunities during and project and in operations, high visibility in community	Moderate - expenditure content, person hours, headcount, list of sub-contracts, and supplier development initiatives
Small	Low value, little or no employment, one-off purchase, no opportunity for technology transfer	Minimal - expenditure content

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6.0 Appendices

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Appendix I – Contacts for Local Training Facilities, Associations & Government Dept

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(Please note that this is not an all inclusive list)

LOCAL TRADE AND INDUSTRY ASSOCIATIONS AND GOVERNMENT AGENCIES

1) Atlantic Canada Opportunities Agency

10 Barter's Hill
Cabot Phase 2
11th Floor
St John's, Newfoundland A1C 5M5
Tel: ++1-709-772-5928
Fax: ++1-709-772-6090

2) Consulting Engineers of Newfoundland and Labrador

PO Box 1236
St John's, Newfoundland A1C 5M9
Webpage: <http://www.cenl.ca/>

3) Newfoundland & Labrador Oil & Gas Industries Association (NOIA)

Box 44, Atlantic Place
Suite 602
215 Water Street
St John's, Newfoundland A1C 6C9
Tel: ++1-709-758-6610
Fax: ++1-709-758-6611
e-mail: noia@noianet.com

4) Newfoundland and Labrador Department of Mines and Energy, Industrial Benefits Branch

4th Floor, West Block, Confederation Bldg
P.O. Box 8700
St. John's, NL A1B 4J6
Tel: 709-729-5064 / Fax: 709-729-4011
Email: bsparkes@gov.nl.ca

5) St John's Board of Trade

66 Kenmount Road
PO Box 5127
St John's, Newfoundland A1B 3V6
Tel: ++1-709-726-2961
Fax: ++1-709-726-2003
e-mail: boardoftrade.nfld.net

6) Offshore/Onshore Technologies Association of Nova Scotia (OTANS)

Suite 813
World Trade and Convention Centre
1800 Argyle Street
Halifax, Nova Scotia B3J 3NB
Tel ++1-902-425-4774
Fax ++1-902-422-2332
e-mail: otans@istar.ca

7) Professional Engineers and Geoscientists Newfoundland and Labrador (PEGNL)

Suite 203, Baine Johnston Centre
10 Fort William Pl.
St. John's, Newfoundland and Labrador, Canada
Postal P.O. Box 21207, St. John's, NL A1A 5B2
Canada
Phone 709.753.7714
Fax 709.753.6131
E-Mail main@pegnl.ca

8) The Association of Engineering Technicians and Technologists of Newfoundland and Labrador Inc. (AETTNL)

P.O. Box 790
22 Sagona Ave, Donovan's Industrial Park
Mount Pearl, NL A1N 2Y2
Canada
Tel: 709-747-2868
Fax: 709-747-2869
Toll Free: 1-888-238-8600
Office Manager: Lynda Hayward

9) Newfoundland & Labrador Construction Association (St. John's Office)

Address:
33 Pippy Place, Suite 201,
St. John's, NL A1B 3X2
Canada
Tel: (709)-753-8920
Fax: (709)-754-3968
E-mail: info@nlca.ca
Web site: www.nlca.ca

10) Newfoundland and Labrador Association of Technology Industries

391 Empire Avenue, Suite # 5
St. John's, NL A1E 1W6
Canada
Switchboard: 709.772.8324
Fax: 709.757.6284
info@nati.net

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LOCAL TRAINING INSTITUTIONS

1) Memorial University of Newfoundland/Marine Institute
 St. John's, Newfoundland, A1C 5S7
 Tel: ++1-709-737-7540
 Fax: ++1-709-737-8486
 Web page: www.mun.ca

3) Operating Engineers College
 PO Box 389
 Salmonier Line
 Holyrood, Newfoundland, A0A 2R0
 Tel: ++1-709-229-6464
 Fax: ++1-709-229-6469

7) BAC Training Centre Inc.
 BAC Training Centre Inc.
 472C Logy Bay Road
 St. John's, NL A1A 5C6
 Telephone: 1-709-747-5679
 Fax: 1-709-747-5680
www.masonrycollege.com

9) Canadian Training Institute
 Canadian Training Institute
 P.O. Box 479
 Bay Roberts, NL A0A 1G0
 Telephone: 1-709-786-2400
 Fax: 1-709-786-1215

11) Central Training Academy
 Central Training Academy
 P.O. Box 400
 6 Third Avenue
 Badger, NL A0H 1A0
 Telephone: 1-709-539-5150
 Fax: 1-709-539-5145
www.centraltraining.ca

13) DieTrac Technical Institute
 DieTrac Technical Institute
 P.O. Box 970
 82 Premier Drive
 Lewisporte, NL A0G 3A0
 Telephone: 1-709-535-0550
 Fax: 1-709-535-6101
www.dietrac.com

2) College of the North Atlantic Prince Philip Drive Campus
 PO Box 1693
 St. John's, Newfoundland, A1C 5P7
 Tel: ++1-709-758-7531
 Fax: ++1-709-758-7297

4) Keyin College
 PO Box 13609 Station A
 44 Austin Street
 St. John's, NL A1B 4G1
 Phone: 709-579-1061
 Fax: 709-579-6002
 Webpage: <http://www.keyin.com/>

8) Boilermakers Industrial Training Centre Inc.
 Boilermakers Industrial Training Centre Inc.
 P.O. Box 250
 Holyrood, NL A0A 2R0
 Telephone: 1-709-229-7958
 Telephone: 1-709-229-7355
 Fax: 1-709-229-7300

10) Carpenters Millwrights College Inc.
 Carpenters Millwrights College Inc.
 P.O. Box 3040
 89 McNamara Road
 Paradise, NL A1L 3W2
 Telephone: 1-709-364-5586
 Fax: 1-709-364-5587

12) Corona College
 Corona College
 P.O. Box 819
 Grand Falls-Windsor, NL A2A 2P7
 Telephone: 1-709-489-7825
 Fax: 1-709-489-5001
www.coronacollege.com

14) Eastern College St. John's Campus
 Eastern College
 P.O. Box 6325
 275 Duckworth Street
 St. John's, NL A1C 6J9
 Telephone: 1-709-722-8580
 Toll Free: 1-877-297-0777
 Fax: 1-709-722-8318
www.easterncollege.ca

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15) Ironworkers Education & Training Co. Inc.

Ironworkers Education & Training Co. Inc.
38 Sagona Avenue
Mount Pearl, NL A1N 4R3
Telephone: 1-709-747-2158
Fax: 1-709-747-1042
www.ironworkerslocal764.com

17) Keyin College - Carbonear

Keyin College
81 LeMarchant Street
Carbonear, NL A1Y 1A9
Telephone: 1-709-596-6472
Toll Free: 1-800-563-8989
Fax: 1-709-596-0217
www.keyin.com

16) Keyin College - Burin (formerly Centrac College)

Keyin College - Burin (formerly Centrac College)
P.O. Box 160
Creston, NL A0E 1K0
Telephone: 1-709-891-1995
Fax: 1-709-891-5272
www.keyin.com

18) Keyin College - Clarendville

Keyin College
240A Memorial Drive
Clarendville, NL A5A 1N9
Telephone: 1-709-466-7115
Toll Free: 1-800-563-8989
Fax: 1-709-466-1290
www.keyin.com

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APPENDIX II – CGSB DEFINITION OF CANADIAN CONTENT (CAN2-147.3.82)

CANADIAN GENERAL STANDARDS BOARD

Standard For

DEFINITION OF CANADIAN CONTENT

(CAN2-147.3-82)

1.0 SCOPE

This standard defines Canadian content and then gives explanations and examples of the terms in the definition. "Canadian content", frequently an important aspect of the procurement process, is here defined so that it can be considered from a common understanding.

2.0 DEFINITION

- 2.1 Canadian Content¹ is that portion of the selling price of a product or service associated with the work performed in Canada. Canadian Content may also be calculated as the selling price less the cost of directly and indirectly imported materials, labour, services, overhead and profit not taxable in Canada.
- 2.1.1 Selling Price is the net selling price to the buyer after all discounts. It includes all applicable federal and provincial sales taxes, excise taxes and tariffs.
- 2.1.2 Cost of Direct Imports¹ is that portion of the selling price associated with directly imported materials, labour, services and overhead. It includes the tariffs and the cost of transportation to the Canadian place of Importation (place where first landed in Canada).
- 2.1.3 Cost of Indirect Imports¹ is that portion of the selling price associated with the costs for materials, labour, services and overheads that, while obtained through a Canadian supplier, in fact originated outside Canada.

¹ Reasonableness and materiality should apply when apportioning any of the above costs for Non-Canadian and domestic sources.

- The content of Profit will be based on where the Profit is taxed.
- The content of Leasing shall be consistent with the added value concept for content allocation.
- Calculation of Canadian content should be based on information derived through generally accepted accounting principles.

EXAMPLES

To aid in the interpretation of several terms, the following examples are provided:

3.1 Cost of Direct Imports

- 3.1.1 Directly Imported Material Cost – the cost of an electric motor bought directly from a firm producing it outside Canada. The cost of Import includes all duties paid and the transportation cost to the Canadian place of Importation.
- 3.1.2 Directly Imported Labour Cost – the labour cost of sewing together, in a factory outside Canada, a glove from leather and other materials supplied from Canada.
- 3.1.3 Directly Imported Service Cost – the cost of design work performed outside Canada.
- 3.1.4 Directly Imported Overhead Cost – the royalties or management fees paid outside Canada.

3.2 Cost of Indirect Imports

- 3.2.1 Indirectly Imported Material Cost – the cost of an electric motor produced outside of Canada and purchased from a distributor located in Canada for incorporation into a product assembled or manufactured in Canada.
- 3.2.2 Indirectly Imported Labour Cost – the labour cost, to a company with manufacturing facilities in Canada, of testing product in facilities outside Canada.
- 3.2.3 Indirectly Imported Service Cost – the computer costs, to a Canadian firm that provides computer services, of using a computer outside Canada in providing those services.

4.0 NOTES

Examples of the calculation of Canadian content as both a dollar value and a percentage of total net selling price, based on knowledge of either imported costs (4.1) or domestic costs (4.2), are given below:

4.1 Calculation Based on Knowledge of Imported Costs

A.	Total Net Selling Price		\$287,000
B.	Imported Costs: Costs related to directly and indirectly imported materials, labour, services, overhead and profit not taxable in Canada.		
	Materials (incl. Tariffs)		
	- Direct	\$ 35,000	
	- Indirect	18,000	
	Labour		
	- Direct	20,000	
	- Indirect	3,000	
	Services		
	- Direct	3,000	
	- Indirect	-----	
	Transportation (to Place of Importation)	4,000	
	Overheads	<u>16,000</u>	
		\$ 99,000	<u>\$ 99,000</u>
C.	Canadian Content (line A minus line B)		<u>\$188,000</u>
D.	Percentage Canada Content		66%
	(line C)		
	(line A) X 100		

4.2 Calculation Based on Knowledge of Domestic Costs

A. Total Net Selling Price \$287,000

B. Canadian Content – Cost related
to domestic materials, labour services,
overheads, taxes and profits

Domestic Costs

Materials \$ 60,000

Labour 40,000

Services 2,500

Transportation 5,000

(within Canada)

Overheads (incl. Profit) 42,500

Fed. & Prov. Taxes 38,000

\$188,000

\$188,000

C. Percentage Canadian Content

66%

(line B)

(line A) X 100

Hebron Project Examples

The purpose of the following examples is to discuss the application of the Canadian General Standards Board "Definition of Canadian Content" in the context of the Hebron Development Program.

Labour:

For expenditures related to labour, The CGSB implies by its definitions of Imported Labour Costs, that the determination of whether labour costs are Newfoundland, Canadian or Non-Canadian Labour is based on where the work is performed, regardless of nationality or residency status of the workers. For expenditure reporting of labour cost, categorization is based on the following matrix:

Resident Status	Work Performed in:		
	Newfoundland	Canada	Non-Canadian
Non-Canadian	Newfoundland Cost	Other Canadian Cost	Non-Canadian Cost
Canadian	Newfoundland Cost	Other Canadian Cost	Non-Canadian Cost
Newfoundland	Newfoundland Cost	Other Canadian Cost	Non-Canadian Cost

Materials:

Materials content classification depends on the country where the materials used in final processing were obtained. For example, consider a Newfoundland and Labrador cement plant which obtains its materials (limestone and additive requirements) as follows:

- 20% from the United States
- 30% from elsewhere in Canada
- 50% from within Newfoundland and Labrador

Further assume that:

- materials comprise 70% of the cost of the finished product,
- labour, services and overhead, (which are assumed as 100% Newfoundland), comprise the other 30% of the cost of the finished product.

The finished product would be:

- 65% Newfoundland content $[(5 \times .7) + (1 \times .3) = 65]$
- 21% Other Canadian content $[(3 \times .7) + (0 \times .3) = 21]$
- 14% Non-Canadian content $[(2 \times .7) + (0 \times .3) = 14]$

Equipment:

Equipment content classification depends on the country where the main components of the finished product were obtained. For example, consider a Canadian plant (located outside of Newfoundland and Labrador) which produces a diesel driven pump set; and, assume that the main components of this pump are sourced and costed as follows:

- diesel engine is 100% U.K. content and comprises 35% of the finished cost
- centrifugal pump is 100% Japanese content and comprises 25% of the finished cost
- pipe work, skid and other materials, labour and overhead are 100% Other Canadian content and comprises 40% of the finished product cost.

This completely assembled equipment (pump set) is then shipped to the Hebron construction site in Newfoundland for installation in a Module by another contractor. The finished product would be categorized as follows:

- 0% Newfoundland content $[(0 \times .35) + (0 \times .25) + (0 \times .40) = 0]$
- 40% Other Canadian content $[(0 \times .35) + (0 \times .25) + (1 \times .40) = 40]$
- 60% Non-Canadian content $[(1 \times .35) + (1 \times .25) + (0 \times .40) = 60]$

Services:

Contract Value > \$250,000

The benefit classification is based on an analysis of the components that make up the service fee (i.e. capital cost, labour, overhead and profit) from the supplier's books of records. The Canada/Newfoundland benefit content for each of these components is assessed in the following manner:

- Capital component - classified according to the source of the equipment. In instances however, where a leased asset is fully depreciated, the entire fee is broken down into labour, overhead, profit and classified accordingly.
- Labour component - classified according to the location of the work.
- Overhead component - classified according to the location it was incurred.
- Profit component - classified based upon where the profit is taxed.

Examples:

1. A Newfoundland incorporated company provides a fully equipped supply vessel at a total contract value of \$30 million. Assume the vessel is still being depreciated in its books and the source and costing of the main components of the rental fee are as follows:
 - vessel is 100% UK content and comprises 60% of the rental fee
 - vessel upgrades are 30% Other Canadian and 70% UK and comprises 15% of the rental fee
 - remaining 25% of the rental fee is made up of profit, overhead and labour that are 100% Newfoundland.

The categorization of this vessel contract is as follows:

25% Newfoundland content	$[(0 \times .60) + (0 \times .15) + (1 \times .25) = 25\%]$
5% Other Canadian content	$[(0 \times .60) + (.3 \times .15) + (0 \times .25) = 5\%]$
70% Non-Canadian content	$[(1 \times .6) + (.7 \times .15) + (0 \times .25) = 70\%]$

2. Same example as # 1 above except the vessel is fully depreciated on the books. In this instance any portion of the rental fee associated with the cost of the vessel itself is coded in the same manner as profit. Consequently the Newfoundland content of this vessel then becomes 100%.

100% Newfoundland content	$[(1 \times 1) = 100\%]$
0% Other Canadian content	
0% Non-Canadian content	

Contract Value < \$250,000

All other services are classified according to the location of the supplier's servicing office.

Transportation Charges:

Follow the classification of the labour, materials or services which are being shipped. (Note that major marine transportation contracts are classified as Services; see above)

Overhead Charges:

Refer to costs such as supplier carrying charges and restocking costs are included as part of the cost of labour, materials or services. The content classification of this portion of the cost is allocated on a proportional basis to the locations where the expenses were incurred.

Profit Charges:

The content classification of profit margins depends on where the profit is taxed. This is usually determined by ownership. For example, assume a U.S. manufactured valve is supplied from a Newfoundland incorporated branch office for a total cost of \$2 million. Assume the main components of the valve are sourced and costed as follows:

- valve is 100% U.S. content and comprises 80% of the total cost
- remaining 20% is profit.

Assume also that 85% of the profit associated with this contract will accrue to the U.S. parent through head office charges and/or other transfers and consequently be taxed in the U.S. In this case, the categorization is as follows:

3% Newfoundland content	$[(0 \times .8) + (.2 \times .15) = 3]$
0% Other Canadian content	
97% Non-Canadian content	$[(1 \times .8) + (.2 \times .85) = 97]$

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APPENDIX III - CANADA-NEWFOUNDLAND AND LABRADOR BENEFITS REPORT FORMATS


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- 4.0 Procurement Forecast and Summary Report
- 5.0 Research and Development Expenditures Report
- 6.0 Education and Training Expenditures Report
- 7.0 Procurement Evaluation Report

Person Hour Summary Report

Person Hour Summary					
	Period:				
	Location 1:	Location 2:	Location 3:	Location 4:	Total all locations
Discipline					
Management					0
Administration					0
Engineering					0
Technicians					0
Professionals					0
Skilled Trades					0
Labour					0
Students					0
Other					0
Total	0	0	0	0	0


Note: Person Hours to be reported by location
Comments:

Submitted By:

Definitions:

Management - Includes the following NOC categories: *Senior Managers and Middle & Other Managers*
 Administration - Includes the following NOC categories: *Admin & Senior Clerical and Clerical Personnel*
 Engineering - Includes the following NOC category: *Engineers*
 Technicians - Includes the following NOC categories: *Semi-Professionals & Tech*

Headcount Summary Report

Headcount Summary																											
		Period:																									
		Location 1						Location 2						Location 3						Total All Locations							
Headcount Category	NL		OC		Non Canadian		Total Location 1	NL		OC		Non Canadian		Total Location 2	NL		OC		Non Canadian		Total Location 3	NL		OC		Non Canadian	
	M	F	M	F	M	F		M	F	M	F	M	F		M	F	M	F	M	F		M	F	M	F	M	F
Gender	M	F	M	F	M	F		M	F	M	F	M	F		M	F	M	F	M	F		M	F	M	F	M	F
Management							0							0							0	0	0	0	0	0	0
Adminstration							0							0							0	0	0	0	0	0	0
Engineering							0							0							0	0	0	0	0	0	0
Technicians							0							0							0	0	0	0	0	0	0
Professionals							0							0							0	0	0	0	0	0	0
Skilled Trades							0							0							0	0	0	0	0	0	0
Labour							0							0							0	0	0	0	0	0	0
Students							0							0							0	0	0	0	0	0	0
Other							0							0							0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: Headcount to be reported by residency

Submitted By:

Date:

Definitions:

Management - Includes the following NOC categories: *Senior Managers and Middle & Other Managers*
 Administration - Includes the following NOC categories: *Admin & Senior Clerical and Clerical Personnel*
 Engineering - Includes the following NOC category: *Engineers*
 Technicians - Includes the following NOC categories: *Semi-Professionals & Tech*
 Professionals - Includes the following NOC category: *Other Professionals*
 Skilled Trades - Includes the following NOC categories: *Skilled Sales & Service and Skilled Crafts & Trades*
 Labour - Includes the following NOC categories: *Intermediate Sales & Service, Semi-Skilled Manual Workers and Other Manual Workers*
 Students - Engineering, business or other discipline students enrolled in an accredited academic program employed on a work term or temporary assignment.
 Other - Positions that do not fall into the above categories

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Expenditure Report



HEBRON PROJECT MONTHLY EXPENDITURE REPORT

CONTRACTOR: _____

PERIOD: _____

	Current Month						Total To Date					
	NL & Labrador		Other Canadian		Foreign		NL & Labrador		Other Canadian		Foreign	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Labour (Management, Staff, Labour)		0.0%		0.0%	1	100.0%		0.0%		0.0%	1	100.0%
Materials & Equipment		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
Services		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
Transportation		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
Subcontracts		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
Other		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
Total	0	0.0%	0	0.0%	1	100.0%	0	0.0%	0	0.0%	1	100.0%

Comments:

Procurement Forecast and Actual Summary Report



Hebron Project

C-NLOPB Reporting: Annual Procurement Summary

C-NLOPB Reporting: Quarterly Procurement Report

[illegible]

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APPENDIX IV – CANADA-NEWFOUNDLAND AND LABRADOR BENEFITS CONTENT QUESTIONNAIRE

Exhibit III

**CANADA AND NEWFOUNDLAND AND LABRADOR BENEFITS CONTENT
QUESTIONNAIRE**

For

The Hebron Project

ExxonMobil Canada Properties

ORIENTATION TO PROJECT'S BENEFITS REQUIREMENTS

Legislative Provisions:

The Atlantic Accord legislation provides the legislative basis for the development of oil and gas resources offshore Newfoundland and Labrador to benefit Canada as a whole and, in particular, the Province of Newfoundland and Labrador. The Canada - Newfoundland and Labrador Atlantic Accord Implementation Act and the Canada-Newfoundland and Labrador Atlantic Accord Implementation (Newfoundland and Labrador) Act are federally and provincially enacted legislation, respectively. Section 45 of the legislation contains the relevant legislative provisions related to Canada – Newfoundland and Labrador Benefits to the Province of Newfoundland and Labrador. These Acts can be found on the Canada – Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) web site at address www.cnlopb.nl.ca/leg-statutes.shtml

Hebron Project Benefits Principles:

Owner is committed to developing the Hebron asset in accordance with the requirements of the Atlantic Accord legislation and with the following Benefits principles:

Meeting local benefits commitments while maintaining the highest levels of safety, environmental performance, efficiency and integrity of our operations;

Selecting contractors and suppliers that will work diligently with us to deliver benefits to the people of the Province;

Promoting the development of local skills and industry capability that leaves a lasting legacy for the communities in which we operate and for the Province;

Delivering execution certainty so that the Project delivers best-in-class return on investment for stakeholders, including the Province of Newfoundland and Labrador; and

Working collaboratively with industry, government, academic and training institutions, community and other stakeholder groups for the effective delivery of benefits.

More specifically, the Owner commits:

- to continue to work with the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) in recognition of the critical role it plays as the custodian of the benefits process.
- to establish a Hebron Project office in the Province with appropriate levels of decision making.
- to ensure that suppliers of goods and services from Newfoundland and Labrador are provided with a full and fair opportunity to participate on a competitive basis in the supply of goods and services to the Project;

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- to ensure that first consideration is given to services provided from within Newfoundland and Labrador and to goods manufactured in the province where those goods and services are competitive in terms of fair market price, quality and delivery;
- that consistent with the *Canadian Charter of Rights and Freedoms*, to give residents of Newfoundland and Labrador first consideration for training and employment in the Project's work program;
- to provide timely and effective communication of employment and procurement opportunities, to ensure that all reasonable efforts are taken to facilitate the participation of local suppliers and local residents in the Project and to promote and encourage technology transfer opportunities;
- to encourage Canadian and, in particular, Newfoundland and Labrador content throughout the procurement process and to take this into consideration in bid evaluation;
- to undertake expenditures on research and development and education and training;
- to prepare a diversity plan and to ensure that disadvantaged individuals and groups have access to training and employment opportunities; and
- to effective monitoring and reporting of procurement decisions, employment levels and expenditures.

Owner will be submitting a Canada – Newfoundland and Labrador Benefits Plan for the Project to the C-NLOPB as part of its Development Application

Benefits Agreement

The Hebron Co-venturers have also concluded a Benefits Agreement with the Government of Newfoundland & Labrador. This Agreement includes explicit undertakings by the Co-venturers related to work to be undertaken in the Province.

Contractors and Subcontractors will be required to meet or exceed the requirements of both the Benefits Agreement as well as the Benefits Plan.

For a copy of this Benefits Agreement, go to www.nr.gov.nl.ca/hebron. Bidders are required to review the Benefits Agreement to ensure a complete understanding of the requirements.

Benefits Agreement Monitoring and Reporting Requirements:

Owner is required to report regularly to the C-NLOPB on its efforts, and those of its Contractor, sub-contractor and suppliers in achieving benefits to Canada in general, and to Newfoundland and Labrador in particular. In this context, Owner will require regular reporting by Contractors in the following areas:

- Procurement Forecasts

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- Reports on contracts at the prequalification, bidders list and award stages;
- Expenditures
- Employment
- Research and Development, and
- Gender Equity and Diversity Program reports

The content, format and frequency of Canadian and Newfoundland and Labrador benefits reporting requirements shall be determined by Owner, and shall be agreed between Owner and any successful bidder at the time of Contract award.

Owner and its Contractors, sub-contractors and suppliers will be subject to periodic industrial benefits audits undertaken by the C-NLOPB or its designated agents. The purpose of the audits is to verify that Canada and Newfoundland and Labrador benefits-related procedures have been established, are being followed and that appropriate information is being collected and analyzed. The Board's auditors shall have access to, and the right to report on a confidential basis, any information (financial or otherwise) used in the preparation of industrial benefits reports.

A. Canada - Newfoundland and Labrador Benefits Content Questionnaire.

Owner is committed to maximizing industrial and employment benefits to Canada, and to Newfoundland and Labrador in particular, through the use of Canadian and Newfoundland and Labrador goods, services and personnel wherever practical and cost effective in this Project. The Future Hebron Benefits Plan and Supplementary Benefits Plan will detail the specific Canada and Newfoundland and Labrador Benefits undertakings and commitments made by Owner in the areas of Canadian and Newfoundland and Labrador content; employment; full and fair opportunity in the provision of goods, services and employment to Canadians with first consideration to Newfoundland and Labrador companies and Newfoundland and Labrador residents; supplier development; technology transfer; and, Contractor compliance.

Contractor must understand that the benefits commitments and obligations undertaken by Owner are likewise binding upon Contractor. Furthermore, these commitments and obligations are likewise binding upon all Contractor's future subcontractors and sub-subcontractors etc., and Contractor is responsible for ensuring that subcontractors and sub-subcontractors etc. comply with these commitments and obligations.

Contractor's compliance with these commitments is of critical importance, not only to the evaluation of the bid, but also to Owner's achievement of its stated obligations and commitments in the area of Canada and Newfoundland and Labrador Benefits. Contractor is therefore required to represent the level of Canadian and Newfoundland and Labrador Benefits by completion of the following questionnaire. The questionnaire is divided into seven (7) sections:

- 1.0 Canadian and Newfoundland and Labrador Content
- 2.0 Canadian and Newfoundland and Labrador Employment
- 3.0 Contractor Information
- 4.0 Canada and Newfoundland and Labrador Benefits and Commitments
- 5.0 Notification of Significant Changes
- 6.0 Definition and Examples of Content Calculations
- 7.0 Project Reporting Requirements

Agreement No.
Canada & Newfoundland and Labrador Benefits Content Questionnaire

Contractor's commitment to Canada and Newfoundland and Labrador Benefits, as determined by the information provided in response to this questionnaire, will be one of the criteria used in the overall evaluation of bids and basis for evaluating compliance after award of the Agreement. Therefore, it is of paramount importance that the information requested in Sections 1, 2, 3, 4 & 5 is provided (except, where information requested is not applicable). **Failure to provide the information requested will result in the assumption that Contractor's commitment to Canada and Newfoundland and Labrador Benefits in that area is zero.**

When Contractor or any of Contractor's subcontractors are preparing bids, the information requested in Sections 1, 2, 3, 4 & 5 of this questionnaire should be contained in a separate section dealing solely with Canada and Newfoundland and Labrador Benefits and should be organized along the same format as this questionnaire. Sections 6 and 7 of this questionnaire are for Contractor's reference only. Section 6 defines what is meant by Canadian and Newfoundland and Labrador Content as defined by the Canadian General Standards Board (CGSB) and this definition is to be used when calculating and reporting Canadian and Newfoundland and Labrador Content. Section 7 references the reporting requirements, which shall be agreed between Owner and Contractor following contract award, in respect of reports which shall be submitted, by Contractor and/or subcontractors, during the performance of the Work of validity period of this Agreement.

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Canada & Newfoundland and Labrador Benefits Content Questionnaire

1.0. Canadian and Newfoundland and Labrador Content

Contractor (and subcontractors) must complete the following tables. **If a figure is not provided it will be assumed that the Canadian and Newfoundland and Labrador content for that item is 0%.** Accurate information, consistent with generally accepted accounting principles, is important as **substantiation of figures will be requested by Owner during bid evaluation process!**

The content percentages required in the table below are to be expressed as percentages of total cost. The following table is an example of what is required:

EXAMPLE

Total Cost: \$9,000,000.00	Content As A % Of Total Cost			
	Newfoundland and Labrador	Other Canadian	Non Canadian	Total
Materials	15%	18%	10%	43%
Labour	11%	05%	00%	16%
Services (including equipment)	07%	04%	05%	16%
Transportation (within Canada)	12%	03%	00%	15%
Overheads (including profits)	03%	05%	02%	10%
Total Content	48%	35%	17%	100%

BIDDER is required to complete the following Table:

Total Cost: \$	Content As A % Of Total Cost			
	Newfoundland and Labrador	Other Canadian	Non Canadian	Total
Materials	%	%	%	%
Labour	%	%	%	%
Services (including equipment)	%	%	%	%
Transportation (within Canada)	%	%	%	%
Overheads (including profits)	%	%	%	%
Total Content	%	%	%	100%

Note: See Part 6 of this questionnaire for the definition of Canadian and Newfoundland and Labrador Content and examples of how to calculate these contents.

2.0

Canadian and Newfoundland and Labrador Employment

Contractor (and subcontractors) must provide the information requested below. **If a figure is not provided it will be assumed that the Canadian and Newfoundland and Labrador Employment for that item is Zero.** Accurate information, consistent with generally accepted accounting principles, is important as **substantiation of figures will be requested by Owner during bid evaluation process.**

Please provide the total estimated number of persons and the corresponding total estimated number of person-hours associated with this bid in the tabular format illustrated below. Contractor is to complete the electronic version of these table and submit with your bid. Person hours are calculated as follows:

[person-hours = person x # of hours in normal work week x # of weeks person is employed]

	Person Hour Summary				
	Location 1:	Period: Location 2:	Location 3:	Location 4:	Total all locations
Discipline					
Management					0
Administration					0
Engineering					0
Technicians					0
Professionals					0
Skilled Trades					0
Labour					0
Students					0
Other					0
Total	0	0	0	0	0

Note: Person Hours to be reported by location
Comments:

Submitted By:

Definitions:

Management - Includes the following NOC categories: Senior Managers and Middle & Other Managers

Administration - Includes the following NOC categories: Admin & Senior Clerical and Clerical Personnel

Engineering - Includes the following NOC category: Engineers

Technicians - Includes the following NOC categories: Semi-Professionals & Tech

Residency Definition: For the purpose of determining employment, the following definitions should be used to define "Canadian" and "Newfoundland and Labrador Resident".

Canadian Citizen:

A person who was born in Canada and has not relinquished his/her Canadian citizenship; or, a person who has been granted Canadian citizenship; or, a person who has been granted landed immigrant status.

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Canada & Newfoundland and Labrador Benefits Content Questionnaire

Newfoundland and Labrador Resident:

A Canadian citizen or landed immigrant who meets the residency requirements of the Province as defined by The Elections Act, SNL 1992, CE-3.1.

Headcount Category		Period:												Headcount Summary																	
		Location 1						Location 2						Location 3						Total All Locations											
		NL		QC		Non Canadian		Total Location 1		NL		QC		Non Canadian		Total Location 2		NL		QC		Non Canadian		Total Location 3		NL		QC		Non Canadian	
M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
Gender																															
Management																															
Administration																															
Engineering																															
Technicians																															
Professionals																															
Skilled Trades																															
Marine Crew																															
Students																															
Other																															
Total																															

Note: Headcount to be reported by residency

Submitted By:

Date:

Definitions:

Managers - Includes executive level employees and managers who occupy a decision making role within the project (e.g. Engineering Manager, Project Manager, Financial Manager, etc.)

Administration - Administration support employees such as executive assistants, document control, receptionist

Engineering - Persons eligible for membership in PEGNSL (engineers/professionals) or other recognized professional engineering associations or hold a degree in engineering from an accredited institution either in Canada or internationally.

Technicians - Engineering and project support personnel such as certified engineering technicians, draft persons, CAD operators, materials testing, NDT technicians, laboratory support services, environmental technicians, etc.

Professionals - Accountants, HR professionals, regulatory coordinators, business development, controllers, communication advisors, diversity coordinators, persons with a post secondary degree in business, commerce, science etc.

Skilled Trades - Journey persons and apprentices working in various skilled trades occupations (electrical, piping, concrete, steel, welding, ironing, painting, scaffolding, etc.)

Marine Crew - Persons employed in the operation of marine related facilities such as barges, supply boats, tugs, intervention vessels, river or boats, rock dumpers, dredgers, etc.

Students - Engineering, business or other discipline students enrolled in an accredited academic program employed on a work term or temporary assignment.

Other - Positions that do not fit into the above categories (e.g. clerks, sub-contractors).

3.0 CONTRACTOR Information

[illegible]

4.0 Canada - Newfoundland and Labrador Benefits Commitments

The Hebron Benefits Plan to be approved by the Canada-Newfoundland and Labrador Offshore Petroleum Board will detail the specific Canada and Newfoundland and Labrador Benefits undertakings and commitments made by Owner in the areas of Canadian and Newfoundland and Labrador content; employment; full and fair opportunity in the provision of goods, services and employment to Canadians with first consideration to Newfoundland and Labrador companies and Newfoundland and Labrador residents; supplier development; technology transfer; and, Contractor compliance.

Contractor (and subcontractors) must also comply with these commitments and undertakings and provide detailed information concerning items 4.1 through 4.7.

Failure to address any of these items will be interpreted as Contractor having no commitment to that particular item and will be evaluated accordingly.

Note: Items 4.1 through 4.7 shall also apply to all proposed subcontractors!

- 4.1 Contractor shall detail policies, procedures and initiatives to provide qualified Canadian manufacturers, consultants, contractors and service companies with full and fair opportunity to participate on a competitive basis in the supply of goods and services used in this Project, giving first consideration to services provided from within Newfoundland and Labrador and to goods manufactured in Newfoundland and Labrador, where those services and goods are competitive in terms of fair market price, quality and delivery.
- 4.2 Contractor shall detail policies, procedures and initiatives to provide full and fair opportunity to Canadians for employment on this Project, and, consistent with the Canadian Charter of Rights and Freedoms, first consideration to Newfoundland and Labrador residents for employment and training opportunities related to this Project.
- 4.3 Contractor shall detail all Canadian and Newfoundland and Labrador research and development conducted or supported by Contractor, and Contractor's plans for future research and development in Canada and Newfoundland and Labrador.
- 4.4 Contractor shall detail policies, procedures and initiatives to promote Technology Transfer to the Canadian and Newfoundland and Labrador participants within Contractor's company, Partnership or Joint Venture (participants) and/or to proposed Canadian and Newfoundland and Labrador subcontractors. Details should address, but not be limited to, the following:
 - a description of the intended technology transfer and the strategy and methods which will be employed to achieve this transfer;
 - the nature of the arrangements amongst the participants, including the respective shares of equity and the long term intentions for their business entity;
 - the share and nature of the work to be carried out by each of the participants; and,
 - the arrangements for the transfer of technology from non-Canadian participants to Canadian led, owned or controlled participants, including plans for the development of senior project management capability in the Canadian participants.

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- 4.5 Contractor shall detail policies, procedures and initiatives to promote the development of Canadian and Newfoundland and Labrador suppliers.
- 4.6 Contractor shall detail policies, procedures and initiatives for the development and training of Canadian and Newfoundland and Labrador employees, including on-the-job training.
- 4.7 Contractor shall provide documentation and written statements with respect to the following:
- Contractor's compliance with all requirements of Owner (or any governmental authority) with respect to this questionnaire;
 - Contractor's compliance with all the benefits commitments made by Contractor in its bid;
 - Contractor's acknowledgement that they are aware of the existence and importance of the objectives of the Hebron Diversity Plan as stated in the Hebron Benefits Agreement.
 - Contractor's compliance with the reporting requirements to be agreed in accordance with Section 7 of this questionnaire (and as such reporting may be amended, supplemented or otherwise changed during the term of this Agreement);
 - Contractor's confirmation of responsibility for ensuring that all subcontractors and sub-subcontractors comply fully with all such requirements; and,
 - Contractor's understanding of the necessity for effective, quality responses, by Contractor and all of its subcontractors, to the requests for Canadian and Newfoundland and Labrador benefits information contained in this questionnaire.

5.0 Notification of Significant Changes

Contractor represents that the information provided herein is a true representation of its commitments to Canadian and Newfoundland and Labrador benefits. Contractor agrees to immediately notify Owner of any significant changes to the information and/or Canadian and Newfoundland and Labrador benefits estimates provided herein, which may occur at any time prior to award of the Agreement and/or at any time during the performance of the Work, in a complete and timely manner.

Contractor: _____

Signature: _____

Name & Title: _____

Date: _____

6.0 Definition and Examples of Content Calculations

6.1 Definition of Terms:

Directly Imported Material Cost

The cost of an electric motor bought directly from a firm producing it outside Canada. The cost of import includes all duties paid and the transportation cost to the Canadian place of importation.

Directly Imported Labour Cost

The labour cost of sewing a glove from leather and other materials supplied from Canada but sewn in a facility outside Canada.

Directly Imported Service Cost

The cost of design work performed outside Canada.

Indirectly Imported Material Cost

The labour cost to a company with manufacturing facilities in Canada, of testing products in facilities outside Canada.

Indirectly Imported Service Cost

The computer costs, to a Canadian firm that provides computer services, but uses a computer outside Canada.

Canadian Content

The definition of Canadian content as provided by the Canadian General Standards Board is generally accepted by both government and industry. Canadian content is expressed as a percentage figure and is that portion of the selling price of a product or service associated with the work performed in Canada. In simple terms, Canadian content is the value added to a product or service in Canada; (see GBS Examples 1 and 2 included in section 6.2). For clarification purposes, Future Hebron Project related examples have also been included for your information. (See section 6.3).

Newfoundland and Labrador Content

The same definition as "Canadian Content" applies except that "imported costs" refer to costs incurred in all areas outside the province (e.g. section 6.2, CGSB Examples 1 and 2, imported costs include other Canadian costs, as well as foreign costs).

Canadian Citizen

A Canadian citizen is a person who was born in Canada and has not relinquished his/her Canadian citizenship; or, a person who has been granted Canadian citizenship; or, a person who has been granted landed immigrant status.

Newfoundland and Labrador Resident

A Canadian citizen or landed immigrant who meets the residency requirements for voting in a Provincial election, as defined by The Election Act of Newfoundland and Labrador SNL 1992, CE-3.1.

6.2 Canada General Standards Board Examples

Example 1: Calculation Based on Knowledge of Imported Costs:

A. Total Net Selling Price		\$287,000
B. Imported Costs: (Costs related to directly and indirectly imported materials, labour, services and overhead).		
Materials (including duty)		
Direct	\$35,000	
Indirect	18,000	
Labour		
Direct	20,000	
Indirect	3,000	
Services		
Direct	3,000	
Indirect	0	
Transportation (to place of importation)	4,000	
Overheads	16,000	99,000
C. Canadian Content (line A minus line B)		188,000
D. Percentage Canadian Content		
$\frac{\text{(line C)}}{\text{(line A)}} \times 100\%$		66%

Example 2: Calculation Based on Knowledge of Domestic Costs:

A. Total Net Selling Price		\$287,000
B. Canadian Content: (Costs related to domestic materials, labour, services, overheads, taxes and profits)		
Material	\$60,000	
Labour	40,000	
Services	3,000	
Transportation (within Canada)	5,000	
Overheads (including profit)	42,000	
Federal and Provincial Taxes	38,000	188,000

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C. Percentage Canadian Content
 $\frac{(\text{line B}) \times 100\%}{(\text{line A})}$

66%

6.3 Future Hebron Project Examples

The purpose of the following examples is to discuss the application of the Canadian General Standards Board "Definition of Canadian Content" in the context of the Hebron Development Project. The intent of the following notes is to provide "rules of thumb" to be used in calculating Newfoundland and Labrador content and Other Canadian content for the majority of situations, realizing that unique applications will arise which will have to be handled on a case by case basis.

Labour:

Classification of labour charges (including engineering manpower) as Newfoundland and Labrador content or Other Canadian content depends on where the work is physically performed, regardless of nationality or residency status of the workers. Work performed in Newfoundland and Labrador is considered Newfoundland and Labrador content; work performed elsewhere in Canada is considered Other Canadian content; and, work performed outside of Canada is considered non-Canadian content.

For example, costs associated with a Newfoundland and Labrador resident, a Canadian and a Norwegian working full-time in a contractor's office in Montreal are considered 0% Newfoundland and Labrador content, 100% Other Canadian content and 0% Non-Canadian content. Conversely, the costs associated with these same people working 50% in St. John's, 30% in Montreal and 20% in Oslo are considered 50% Newfoundland and Labrador content, 30% Other Canadian content and 20% non Canadian content.

Materials:

Materials content classification depends on the country where the materials used in final processing were obtained. For example, consider a Newfoundland and Labrador cement plant which obtains its materials (limestone and additive requirements) as follows...20% from the United States, 30% from elsewhere in Canada and 50% from within Newfoundland and Labrador; Further assume that materials comprise 70% of the cost of the finished product, and the labour, services and overhead, (which are assumed as 100% Newfoundland and Labrador), comprise the other 30% of the cost of the finished product. The finished product would be 65% Newfoundland and Labrador content, 21% Other Canadian content and 14% Non-Canadian content.

$$[\% \text{ Newfoundland and Labrador} = (50 \times .7) + (100 \times .3) = 65]$$

$$[\% \text{ Other Canadian} = (30 \times .7) + (0 \times .3) = 21]$$

$$[\% \text{ Non-Canadian} = (20 \times .7) + (0 \times .3) = 14]$$

Equipment

Equipment content classification depends on the country where the main components of the finished product were obtained. For example, consider a Canadian plant (located outside of Newfoundland and Labrador) which produces a diesel driven pump set; and, assume that the main components of this pump are sourced and costed as follows; the diesel engine is 100%

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U.S. content and comprises 35% of the finished cost; the centrifugal pump is 100% Japanese content and comprises 25% of the finished cost; and, the pipework, skid and other materials, labour and overhead are 100% Other Canadian content and comprises 40% of the finished product cost. This completely assembled equipment (pump set) is then shipped to the Hebron construction site in Newfoundland and Labrador for installation in a Module by another contractor. In this case the Newfoundland and Labrador content of this equipment is 0%; the Other Canadian content of the equipment is 40%; and, the Non-Canadian content of this equipment is 60%.

$$[\% \text{ Newfoundland and Labrador} = (0 \times .35) + (0 \times .25) + (0 \times .40) = 0]$$

$$[\% \text{ Other Canadian} = (0 \times .35) + (0 \times .25) + (100 \times .40) = 40]$$

$$[\% \text{ Non-Canadian} = (100 \times .35) + (100 \times .25) + (0 \times .40) = 60]$$

Services:

Services, which include such things as pipe inspection, leased equipment, major marine transportation contracts, cleaning services etc., are classified according to the location of the supplier's service office. For example, if a Japanese manufactured compressor is leased from the active, staffed office, located in Newfoundland and Labrador, of a Norwegian incorporated company, the profit portion of the compressor lease charges are considered overhead (and classified, as described in the section on Overhead Charges), and the remaining portion of the charges are considered Newfoundland and Labrador content. (It should be noted that the source of the leased equipment is not a factor in a leasing/renting situation).

Transportation Charges:

Transportation charges follow the classification of the labour, materials or services which are being shipped. (Note that major marine transportation contracts are classified Services; see above)

Overhead Charges:

Overhead charges refer to costs such as supplier mark-ups, carrying charges, restocking costs and profit margins which are included as part of the cost of labour, materials or services. The content classification of this portion of the cost depends on the country of incorporation of the contractor and/or supplier. For example, if a U.S. manufactured valve is supplied from a Canadian distributor whose cost is \$800 and mark-up etc. is \$200 for a total of \$1000, and this Canadian distributor then supplies this valve to a Newfoundland and Labrador distributor whose cost is \$1000 and a mark-up etc. of \$100; the final cost to the Hebron Project is \$1100. In this case the Newfoundland and Labrador content is 09%; the Other Canadian content is 18%; and the Non-Canadian content is 73%.

7.0 Reporting Requirements

The content, degree and frequency of reporting requirements shall be agreed between Owner and Successful Bidder following contract award.

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**APPENDIX V – HEBRON PROJECT SUPPLIER CAPABILITY SURVEY
QUESTIONNAIRE SHORT FORM**

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ExxonMobil Canada Properties, a Partnership.
Hebron Project
215 Water St.
Suite 701, Atlantic Place
St. John's, Newfoundland A1C 6C9



SUPPLIER CAPABILITY SURVEY / TECHNICAL QUESTIONNAIRE

Company Name: _____

Type of Business: ☐ Consultant ☐ Manufacturer
☐ Distributor ☐ Fabricator
☐ Other (Please Specify) _____

Address:

Telephone: _____

Fax: _____

Contact: _____

Position: _____

1. Country and Date of Incorporation

2. Registered Address - if different from above

3. Total Number of Direct Employees

4. Company turnover per year for past two years: \$ CDN

\$ CDN _____

5. What is the maximum dollar value of a job you believe your company is capable of handling?

\$ CDN _____

6. Does your company have and maintain a documented QA/QC Program?

Yes ☐

No ☐

If yes, please specify Standard and level: _____
If no, please proceed to question 7.

- 7a. Has your company previously supplied goods/services to the Hibernia or Hebron Project?

Yes ☐

No ☐

- 7b. If yes, please specify.

- 8a. Describe your experience operating under, and familiarity with, the benefits provisions of the Canada-Newfoundland and Labrador Atlantic Accord Implementation Acts, or your experience with any similar regimes in other parts of Canada or internationally.

At the ITT stage, bidders will be required to indicate how they will comply with the above.

8b. Acknowledge that responsible management personnel have read, understand and will support requirements to comply with the following:

a. Section 45 of the Canada-Newfoundland and Labrador Atlantic Accord Implementation Acts

Yes ☐

No ☐

b. The Hebron Benefits Agreement work requirements

Yes ☐

No ☐

9. For the Services offered, provide a brief description of relevant experience.

Customer/Project(s)	Product(s)	Year

10. Please list or attached any additional information you may feel is relevant in demonstrating your company's ability to provide Hebron with the products/services which you have indicated in question 8 and where applicable the work categories identified in appendix 1.

Job Specific – Technical Questions

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Appendix 1

WORK CATEGORIES

Mark the goods and services below and add any work categories/fields of technical specialization not shown. Indicate only those work categories (and field of technical specialization, where appropriate) for which you are qualified with significant experience.

1.1.1. GOODS

Equipment	Consumables
Meters and Monitors	Office Supplies
Hand Tools/Air Tools	Clothing
Lifting Handling Equipment	Fluids
Welding Equipment	Warehouse Consumables
Electrical Equipment	Welding Consumables
Safety Equipment	Catering/Laundry/Janitorial
Office Equipment	Electrical/Electronic
Recreation/Entertainment Equipment	Other (specify below)
Catering/Janitorial Equipment	
Other (specify in next column)	
Materials	
Piping Materials	
Structural Steel	
Building Supplies/Materials	
Lube Oil & Fluids	
Other (specify in next column)	

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SERVICES

Engineering Design Services;		Office/Professional/Admin Serv. Con't
Engineering Software		Computer
Engineering Specialist Support		Courier
		Fax Communications
Specialist Services		Training and Education
		Industrial Photography
Electrical Services		Audio-Visual
Instrument Services		Insurance
Mechanical Handling Testing/Recert		Travel
Test Equipment & Calibration		
Load Testing		Maintenance
Certifying Authority		
Waste Management		Diesel Engines
Subsea/Diving Services		Turbines LM2500
		Pumps
Fabrication		Switchgears
		Control Systems
Structural Fabrication		Lifting Equipment
Piping Fabrication		Gas Compressors
Dimensional Surveying		Platform/Dockside Cranes
		Lifeboats and Fire Doors
Office/Professional/Admin Services		Mud Handling System
		Elevator Repair and Maintenance
Printing		Metering
Photocopying		Mechanical Services
Blue Printing		Cell Measurement
Graphics		Safety Valve Repair Certification

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APPENDIX VI – HEBRON EXPRESSION OF INTEREST (EOI) TEMPLATE

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Reference Number: _____
 BIDS Categories: _____
 Issue Date: _____
 Close Date: _____

EXPRESSION OF INTEREST (EOI)

ExxonMobil Canada Properties, a partnership (EMCP), on behalf of itself and the other Hebron Project Proponents (ExxonMobil Canada Ltd., Chevron Canada Limited, Suncor, Statoil Hydro Canada Limited, and Nalcor Energy Oil and Gas), is seeking qualified contractors (Contractor) interested in providing the following service:

Scope of Work Overview:

Canada-Newfoundland and Labrador Benefits:

ExxonMobil Canada Properties (EMCP) strongly supports providing opportunities to Canadian and, in particular Newfoundland & Labrador companies and individuals on a commercially competitive basis. Pre-qualified companies will be required to complete a Canada-Newfoundland & Labrador Benefits Questionnaire at the Tender Stage

Diversity:

ExxonMobil Canada encourages the participation of members of designated groups, and corporations or cooperatives owned by them, in the supply of goods and services.

Contractor Qualifications:

All interested parties must complete a prequalification package which seeks data to evaluate Contractor's ability to perform these services. The documents are available by contacting BIDS at the numbers noted below.

Finally, it should be clearly understood that this Expression of Interest / Prequalification may or may not result in the issuance of and RFP/ITT and may or may not result in the award of a contract.

Submission Information:

Potential contractors, if they have not already done so, must register their companies by contacting BIDS at:

Phone: (709) 738-6500
 1-800-397-0393
 E-mail: bids@nfld.net

Responses must be submitted electronically by the closing date to the following e-mail address:

Subject: judy.v.edwards@exxonmobil.com

All information to be provided in English

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