A MODERN DAY CONSTRUCTION INDUSTRY COMPLIANCE PROGRAM

Chris Caron

KIEWIT CORPORATION

• More than 130 years of construction excellence
• Operations throughout North America
• $8.7 billion in 2017 revenue
• Privately held – owned by active employees
• Industry-leading safety and quality performance
• One of the largest privately owned equipment fleets in North America
THE ESSENTIALS OF SUCCESSFUL CONTRACTING

Getting work at the right price
Building work at the lowest cost
Taking care of our assets

VALUING THE BASICS

Core values
- People
- Integrity
- Excellence
- Stewardship

Approach to business
- Ethical
- Fair
- Conservative
- No surprises

We value:
PEOPLE.
INTEGRITY.
EXCELLENCE.
STEWARSHIP.

COMPLIANCE COMPLEXITY

- Geography
- Contract Size & Duration
- Private versus Public Clients
- Project Team Experience
- Markets
GEOGRAPHY

CONTRACT VALUE

<table>
<thead>
<tr>
<th>Contract Value</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100M or More</td>
<td>16%</td>
</tr>
<tr>
<td>$50M-$100M</td>
<td>5%</td>
</tr>
<tr>
<td>$10M-$50M</td>
<td>24%</td>
</tr>
<tr>
<td>$5M-$10M</td>
<td>12%</td>
</tr>
<tr>
<td>$1M-$5M</td>
<td>27%</td>
</tr>
<tr>
<td>$1M or Less</td>
<td>16%</td>
</tr>
</tbody>
</table>

Projects by contract value as reported to ENR, 2016

STRENGTH THROUGH QUALITY PEOPLE

Average Years with Kiewit

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>11</th>
<th>16</th>
<th>24</th>
<th>30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Superintendent</td>
<td>Project Managers</td>
<td>District Managers</td>
<td>Executives</td>
</tr>
</tbody>
</table>

The Kiewit Workforce

<table>
<thead>
<tr>
<th>Year</th>
<th>Craft Staff</th>
<th>Craft Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>10,300</td>
<td>10,400</td>
</tr>
<tr>
<td>2011</td>
<td>10,400</td>
<td>11,500</td>
</tr>
<tr>
<td>2012</td>
<td>10,400</td>
<td>12,000</td>
</tr>
<tr>
<td>2013</td>
<td>10,400</td>
<td>11,500</td>
</tr>
<tr>
<td>2014</td>
<td>10,300</td>
<td>10,300</td>
</tr>
<tr>
<td>2015</td>
<td>10,300</td>
<td>9,500</td>
</tr>
<tr>
<td>2016</td>
<td>10,300</td>
<td>9,500</td>
</tr>
<tr>
<td>2017</td>
<td>10,300</td>
<td>9,500</td>
</tr>
</tbody>
</table>
Kiewit completed the I-40 bridge replacements 7 MONTHS AHEAD OF SCHEDULE.
Kiewit completes more than 50,000 TONS of offshore module fabrication work each year at its Ingleside, Texas yard.

Kiewit’s construction of new natural gas-fired generation added enough energy to the grid to power more than 14 MILLION homes.
BUILDING

The $200 million, 535,000-square-foot TD Ameritrade Campus was designed and built to be a SUSTAINABILITY ICON.

WATER / WASTEWATER

The Carlsbad Desalination Plant is the LARGEST SEAWATER DESALINATION PLANT in the Western Hemisphere.
Kiewit has over 70 years of experience in the mining industry.

EARLY COMPLIANCE PROGRAM

2005
• Legal based
• Online Training
• Manuals
• Audits

2008
• Operations based
• Enhance Training
• Self Assessments
• Reporting

2014
• SMO Ownership
• Managing to Values
• KieCore Solutions
EARLY CHALLENGES – Plan versus Assessment

EARLY CHALLENGES – Broad Based Training

Why do I need to know this stuff?
EARLY CHALLENGES – Us versus Them

• Compliance roll to find problems and report them
• “Uh oh! Compliance is here!”
• Auditors don’t solve problems
• Disagreements over “issues”
• Disagreements over corrective actions
• “So who’s losing their job?”

EARLY CHALLENGES – Subject Matter… Experts?

• Compliance or Legal responsible for regulatory knowledge
• Limited expertise for most topics
• SMEs had little engagement (not their day job)
• Primary role was to answer questions if asked
• Few had operational experience
EARLY CHALLENGES – Did You Read the Manual?

• Big, thick manuals only reiterate the requirements
• Appendixes full of regulatory language
• Few procedures or guidance given
• Infrequently updated
• Infrequently read

EARLY CHALLENGES – Too Many Managers?

• Every operating district required a District Compliance Manager
• Repurposed people into Compliance Managers
• Full-time or part-time?
• Team or solo?
• Lack of consistency
EARLY CHALLENGES – We’ve always done it…

- Operations personnel resistant to change
- Upper management remembers the simpler days
- Compliance managers weren’t prepared to be change managers
- “Just do it this way… because I said so.”

The most dangerous phrase in the language is, "We’ve always done it this way."
-Grace Hopper

MODERN PROGRAM – Regional Compliance Managers

- Full-time compliance managers
- Each supports specific districts
  - Geographic
  - Market
- Support from project award thru completion
MODERN PROGRAM – Mitigation Action Plan (MAP)

- Electronic solution on shared system
- Puts the audit checklist up front
- Unique plans for each location
  - Relevant topics
  - Specific risks
  - Risk Managers
  - Document locations
  - Risk levels (Baseline/Standard/Elevated)
- Mitigations (Procedure/Training/Monitoring)

MODERN PROGRAM – Mitigation Action Plan (MAP)

- Project team develops plan
- RCMs guide the process
- Specific risks by location type
- Includes key SMOs
- Management approves each plan
- Updated annually at minimum
- Ramp down risks
MODERN PROGRAM – Project Startup Focus

- The first visit shouldn’t be the audit
- Get processes up and running
- Provide targeted, live training
- Provide the team with the tools they need
  - Standard Operating Procedures
  - Electronic solutions/systems

MODERN PROGRAM – Risk-based Assessments

- Bigger projects, bigger risk?
- District offices versus construction projects?
- Maintenance facilities versus mines?
- Two options:
  - Location Type
  - Risk Score
- Assessment against MAP
- Includes key SMOs
MODERN PROGRAM – Subject Matter Owners

- All topics have SMOs
- SMOs from operational groups
- Specific responsibilities
  - Knowledge of regulatory changes
  - Annual MAP review/update
  - Develop SOPs
  - Develop tools/solutions
  - Review/update training
  - Enterprise Risk Assessment
- Legal provides advice

Subject Matter Owner (SMO)

<table>
<thead>
<tr>
<th>Topic</th>
<th>Role and Responsibilities</th>
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<tbody>
<tr>
<td>Knowledge</td>
<td></td>
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<tr>
<td>Policy</td>
<td></td>
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<tr>
<td>Process Procedures</td>
<td></td>
</tr>
<tr>
<td>Tools</td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td></td>
</tr>
<tr>
<td>Risk Assessment</td>
<td></td>
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<tr>
<td>Monitoring</td>
<td></td>
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<tr>
<td>Reporting</td>
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MODERN PROGRAM - Training

- Targeted training based on
  - Job role
  - New hire
  - Project risks
  - District risks
- Live training as mitigation
- Material regularly updated
- Management visibility
FUTURE PROGRAM

- New system with workflow functionality
- “Primary Cause” identification for all issues
- More shared service support for transactional items

QUESTIONS?