



GMS MANAGEMENT SYSTEM

INCENTIVE / CONSEQUENCE MANAGEMENT PROGRAM





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The company has a longstanding and continuing commitment to provide all of our employees with a healthy, safe and environmentally friendly worksite. You, as employees, play a significant part in helping to achieve that goal. By diligently focusing on you and your fellow co-workers health, following company policies and procedures designed with your safety in mind, and by working with reasonable care in exercising good decisions to protect our environment, you contribute to maintaining a healthy, safe and environmentally friendly workplace.

In recognition of our employees who consistently work to maintain that environment, we have established this **Incentive / Consequence Management Program**.

The purpose of this policy is to identify and explain the program, your responsibilities, eligibility and particulars of your entitlement. This policy will also explain login procedures to the program's support website.

RESPONSIBILITIES

EMPLOYEE RESPONSIBILITIES

- a) Follow all company policies, procedures and legal requirements.
- b) Conduct work in a healthy, safe and environmentally friendly manner to minimize the likelihood of an incident.
- c) Do not contribute to incidents.
- d) Be responsible for your own health, safety and environmental decisions and that of other people who may be affected by your conduct at work.

MANAGEMENT RESPONSIBILITY

- a) Originate and/or participate in reviewing the companies' quality, health, safety and environmental management systems to ensure completeness and effectiveness.
- b) Ensure employees are aware of the contents in this profile.
- c) Provide employees with the necessary tools and equipment to conduct tasks safely.
- d) Support employees with the ability to use SWA.
- e) Review incidents and determine the amount of Safety Award Points lost, if applicable.

ELIGIBLE VESSEL EMPLOYEES

An employee is eligible to receive Safety Award Points if:

- a) Employed for a minimum of 6 months.
- b) Employee is not involved in a recordable accident, lost time accident, illness or injury for which professional medical treatment is needed and/or requires time away from work (FMLA, etc.)



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during that bonus period. Employees who don't properly use the chain of command for requesting medical attention may also lose their eligibility.

- c) Employee is not involved in an incident involving lack of maintenance of ship's equipment, significant property damage, an environmental incident or a significant event that hurts the company's reputation to include causal situations of the vessel receiving fines, non-compliances, USCG 835's, etc. based on an employee's failure to effectively communicate the policies, procedures, processes and/or expectations of the company.
- d) The employee fully understands the company's MS and abides by all policies, processes, procedures intended to protect employee health, safety and environmental concerns.
- e) The employee is not terminated for any reason prior to completion of the bonus period and distribution of safety points.

Additional Conditions:

- a) Eligibility and status of a qualified employee for employees sustaining non-occupational injuries or illnesses will be handled on an individual basis.

Conditions Effecting Management Personnel:

- a) Management personnel not following the same conditions outlined for vessel personnel are subject to loss of bonuses and disciplinary action. Management personnel bonuses are not through same award company, but the policies and procedures outlined throughout the policy apply to vessel personnel, shore-side, and management personnel.
- b) Management personnel deemed to have not fulfilled their obligation identified in their job responsibilities and those outlined within this policy; to include complete cooperation with the generation, review and implementation of the company's health, safety, and environmental protection policies and procedures are subject to loss of bonus and/or disciplinary action.
- c) Shore-side and management personnel are evaluated annually, at the end of each calendar year and will be graded by their supervisor in the support of the quality, health, safety and environmental policies and procedures, the quality/quantity of vessel visits, their onboard communications with crew through safety meetings, the quality and timeliness of their work, dependability and their support or lack of support which may have attributed to an event associated with employee health, safety, environmental concerns and/or conditions which lead the company to non-confirmatory, fines, USCG 835's, etc. or any incidents that affected the company's reputation.



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Consequence Management:

- a) As with all programs that reward for great performance, there are elements to deal with substandard performance. The company has elected to reward employees for great performance through the bonus elements outlined below for vessel personnel and through year-end performance bonuses for shore-side and management personnel. To continue on the road of excellence, all employees; vessel and shore-side have to abide by a set of rules, regulations, policies, procedures, etc. established by the company. Failure to do so, at a minimum leads to disciplinary actions, reduction in bonus eligibility and could result in terminations. After many years of evaluating and reporting out on investigation reports, the majority of our injuries, accidents, damages, spills, fines, etc. come from employees who fail to follow documented company policies or procedures. Consequence Management is the element of our Management System that deals with determining punitive measures taken for employees who fail to follow company policies and procedures. This policy outlines what rewards employees are entitled to for great performance, but it also directs management in decision making for employees who fail to follow existing policies and procedures. Going forward, to steadily increase the performance of our company, employees who fail to follow policies and procedures within the company which are designed to protect employee health, safety and the environment are going to face lost of eligibility for bonuses, disciplinary action, reduction in pay/position, and may be terminated from the company.

POINT DISTRIBUTION FOR VESSEL PERSONNEL

- a) Points are calculated on a monthly basis, but points are not distributed to an employee until the disbursement after the employee has been employed for 6 calendar months. Points are distributed in January and July of each year on the basis of longevity of employment (i.e. If an employee begins work on November 1, 2009, points will start to accrue from November 1, 2009, but will not be issued to the employee until he/she has been employed for 6 months. Therefore, the employee will receive no points in the January 2010 disbursement, but 8 months (November thru June) of points will be issued to the employee in July of 2010).
- b) Employees involved in a serious incident (recordable, lost time, damage, spill, etc.) will lose all accrued points for the period in which the accident occurred. For future disbursements, the employee's longevity of employment may be calculated from the date of the serious incident, not the employee's hire date, if management deems necessary. The employee can still claim points



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from previous periods with no serious incident, unless management deems it necessary to revoke points as part of the disciplinary action.

- c) Accrual periods will be based on calendar dates.
- d) Employees who are terminated, quit, or retired prior to the end of the 6-month accrual period, for any reason, will not be eligible to receive any award.
- e) Neither bonus points nor any award not shipped prior to terminations will be revoked at the time of termination.
- f) As long as the employee is employed, points do not expire. An employee's points will expire the date of termination.
- g) Points are issued by GMS hire date, not seniority date.

Point Distribution Amounts

Years Service	Monthly Point Accrual	6 Month Point Accrual	Yearly Point Accrual
36+	420	2520	5040
31-35	320	1920	3840
26-30	225	1350	2700
21-25	170	1020	2040
16-20	125	750	1500
11-15	95	570	1140
6-10	75	450	900
1 - 5 years	50	300	600
6 months – < 1 year	35	210	-

POINT REDEMPTION INSTRUCTIONS

The GMS Safety Program on the Edison Chouest Offshore website has been converted over to a new online system by Wayne Enterprises. With this new system come a few changes for the users. Users will experience greatly reduced page load times as well as order submission times. We have put steps in place to greater protect our users and their accounts. In order to do this, we have created a verification stage for all users to go through the first time they login. Here are instructions on how the login process of the new site will function.



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Log-In Instructions:

- a) To redeem Safety Award Points issued, employees must go to the safety award website. The website address is www.wayne-ent.com/ecosafety. This address will redirect you to the new program.
- b) The new login screen will appear. **Your login will be the company code 01585- followed by either the last 4 or 5 digits of the employee ID # (01585-#### or 01585-#####). Your login will use the last 4 digits of your employee ID # if your employee ID # is below 10,000 (ex. 000001111). Your login will use the last 5 digits of your employee ID # if your employee ID # is 10,000 or above (ex. 000010111).** Since we switched to a new system, all user passwords will be reset to a standard password for the first login. **The new standard password will be edison.**
- c) Once you enter your login and password for the first time you will be asked to verify your identity. In order to verify your identity you will be asked for your birth date. After entering that information, you will be asked to enter a new password as well as your email address. In order to prevent unauthorized access of your account, please choose a secure password that is unique to you and please don't share your password with anyone. We also ask for your email address in order to be able to communicate with you regarding your order and forgotten passwords.
- d) If the verification information you entered does not match what was provided to Wayne Enterprises by the company, the system will provide you with Wayne Enterprise's toll-free number to call them, or in case there was a typo, it will allow you to try again.
- e) If your verification information matches you will be taken into the site. Once you have verified yourself, you will not have to go through that step again on future logins.
- f) Once in the site, spend some time browsing the item categories and some of the new features of the new site.
- g) The ordering and checkout process of the new system works very much like most all-online shopping cart systems. Once you browse through the item categories and choose an item, you will have the option of choosing from the sizes and colors available and placing your final choice into your shopping cart.
- h) You'll also notice that like in the old system, your current point balance and how many points are in your cart are displayed at the top of your screen. There is also a link to view your point's transaction log so you can see when points are added and when your orders were placed.



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- i) After you've chosen an item and placed it in your shopping cart you can choose to checkout to place your order. From here the system will ask for your shipping address and give you the opportunity to verify your order. Once the order is verified and placed, you will be given an order confirmation with your order number. One will also be emailed to the email address you provided.

Feel free to call Wayne Enterprises if you have any questions concerning the new site. The toll free number is 1-800-749-0947.

POINT REVOCATION / REDUCTION OF POINTS ISSUED

Revocation of points and reduction of points issued will be used to discourage unsafe behavior by vessel employees. An employee is subject to have his/her points issue amount reduced or points already issued revoked at anytime management deems necessary following a vessel incident or infraction of company policy. Vessel incidents/injuries/illnesses are reviewed by operations management and safety on a weekly basis to determine if an employee will lose safety award points due to his/her negligence to company policies / procedures.

REVOCATION / REDUCTION OF POINTS ISSUED OPTIONS

Management will have the option to revoke any desired amount of points from any employee following a vessel incident or infraction of company policy. Management will have the option to reduce the amount of points issued to an employee during a bonus period by months (Reduce by 1 month, 2 months, 6 months, 12 months) following a vessel incident or infraction of company policy.