



National Iranian Oil Company
Safety, Health and Environment Management

HSE management Requirements and Procedures in the General Conditions of Specific Oil Industry EPC, PC, EP Standard Contracts

(Text of Article 28 and enforceable amendments to other provisions
of general conditions)

ترجمه انگلیسی :

"الزامات و رویه های مدیریت HSE در شرایط عمومی اسناد قراردادهای
همسان EPC, PC , EP اختصاصی صنعت نفت "

(متن ماده ۲۸ و تغییرات لازم الاجرا در سایر مفاد شرایط عمومی)

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Table of contents **page**

Article 28- HSE Management Requirements and Procedures:.....3

28.1The contractor shall comply with the minimum requirements and general procedures of HSE in the specific oil industry EPC, PC, EP standard contracts, as follows, and accept the minimum responsibilities arising therefrom:.....3

28.2 The following shall be added to the definitions in the general conditions of the contract in order to complete or modify other definitions in the general conditions, in accordance with these requirements.....7

28.3 The following modifications and additions are added to certain articles of general conditions of the contract.....8

28.4 The terms and conditions of the specific HSE requirements of the employer which, due to the circumstances and importance of the type of work or the environment for the implementation of the projects, must be strictly observed and implemented by the contractor are determined in the special conditions of the contract and the HSE contract appendix; and it is obvious that the contractor is required to observe the rules and descriptions of the specific HSE services mentioned in this section and, if not observed and implemented, the contractor has the same responsibilities as in other parts of the contract.....11



Article 28 of the General Conditions of EPC, PC, and EP Standard Contracts for the Implementation of
HSE Management Requirements and Procedures

Article 28- HSE Management Requirements and Procedures:

28.1 The contractor shall comply with the minimum requirements and general procedures of HSE in the specific oil industry EPC, PC, EP standard contracts, as follows, and accept the minimum responsibilities arising therefrom:

28.1.1 The main contractor and all employees, subcontractors and secondary subcontractors, and daily-paid workers of the main contractor are required to fully comply with the regulations, policies, and standards and implement the requirements and procedures of the employer's HSE management system. In order to comply with these obligations and their good performance, the contractor is required to inform and justify all of his/her employees, subcontractors and temporary workers employed within the framework of this contract to comply with the requirements and procedures of the employer's HSE management system as described in this clause, as well as the provisions stipulated in the special conditions of the contract and HSE contract appendix, in any way possible, and provide them with necessary training courses.

28.1.2 The contractor is required to offer the HES plan to the employer's HSE affairs representative following the reception of notice to proceed (NTP) with the contract and before equipping the workshop and commencing the work, within the deadline set forth in the NTP.

28.1.3 The contractor must introduce an experienced and qualified person - approved by the employer - as the "HSE Officer" to the employer.

28.1.4 The contractor is required to inform, in writing, the employer's HSE affairs representative of the minimum number of required qualified human resources and organizational chart of the HSE to implement the requirements and procedures of the HSE management system set forth in the HSE contract appendix, after receiving the notice to proceed with the contract and prior to the commencement of the work. adequacy of the organization and competence of



the contractor's HSE personnel must be approved by the employer's HSE representative before the commencement of the work.

- 28.1.5 Prior to the commencement of the work, all contractor's personnel must attend HSE free-of-charge training courses provided or planned by/under direct supervision of the employer and obtain the relevant certificate. The method of running HSE specialized training courses as per the subject of the contract shall be indicated in the special conditions of the contract.
- 28.1.6 All employees of the main contractor, subcontractors, and daily-paid workers must be equipped with personal protective tools and equipment based on the procedures mentioned in the contract's HSE requirements, prior to the commencement of the work. The working clothes must be uniform and adapted to the environmental conditions. The operation site and the company name must be indicated as appropriate on them.
- 28.1.7 All installations and facilities used to equip the workshop, including offices, camps, restaurants, drinking water supply equipment, etc., shall be equipped in accordance with the current standards of the oil industry and the terms and requirements set forth in the HSE contract appendix.
- 28.1.8 The use of freight containers as office, residence, and restaurant is prohibited.
- 28.1.9 Smoking is strictly prohibited in all work places whether public, open or roofed.
- 28.1.10 The contractor is required to comply with the requirements, procedures and instructions of the employer's HSE transport in accordance with the HSE contract appendix.
- 28.1.11 All lifts, equipment, cranes, lift trucks, tools and accessories, machinery, electrical appliances, pressure equipment, gas cylinders, etc , must be inspected by qualified authorities before entering to the work site and their technical safety shall be ensured. The use of those equipment before inspection and approval is strictly prohibited. In case of any violation, operations will be interrupted immediately and the relevant equipment will be removed from the site.
- 28.1.12 In the case the contractor's activity is to be performed in the operational units or in case of vicinity of the contractor's workshop with operational facilities



obtaining work permit in accordance with the special conditions, requirements and procedures of the employer's HSE in accordance with the HSE standards of the contract is necessary.

28.1.13 The employer's HSE affairs representative shall visit the contractor's workshops, machinery, tools and accessories, as per the contract, on a periodic basis. In case of observing non-compliance, unsafe items and violations of the HSE requirements, he/she while issuing an order to stop high-risk activities shall report them to the employer's representative and contractor's HSE representative. The contractor is required to immediately resolve the reported unsafe cases/violations and bear the damages due to work interruption and the employer has no obligation in this regard.

28.1.14 The contractor is required to prepare and update his health plan, in accordance with the provisions contained in the special conditions of the contract and the HSE procedures and requirements listed in the HSE contract appendix, following notice to proceed and , prior to the commencement of work and during the course of the work.

28.1.15 The contractor is required to conduct professional medical examinations at his/her own expense, for all employees, including pre-employment, periodic (at least once a year) and health care examinations, and provide their related health certificates to the employer's HSE representative.

28.1.16 The contractor is required to develop, complete, and update the industrial health certificate for each of the relevant units/workshops, such as places, residences, dining rooms, and kitchens.

28.1.17 The contractor is required to hold a monthly technical protection committee on the basis of legal provisions and submit the results and minutes to the employer's HSE representative.

28.1.18 The contractor is obligated to perform all of its executive, repair, service, and advisory works in accordance with the plan provided by the employer and the requirements specified in the scope of work, the provisions contained in the special conditions of the contract and the environment regulations and procedures (HSE) set forth in the HSE contract appendix in a



way that material dispersion and environmental contamination and damages are avoided.

28.1.19 The contractor is required to use motor vehicles with technical inspection sheets.

28.1.20 The contractor is obliged to pay attention to the appearance of the site and the workshop, refrain from any accumulation of wastes at the workshop and operation site, and perform waste management operations in accordance with the requirements provided by the employer.

28.1.21 The contractor shall make endeavors to engage in economic resource utilization and energy management at the work site, and avoid from leaving equipment and machinery turned on idly, producing noise and using electricity and fuel to no avail.

28.1.22 The contractor must work in such a way as to avoid any damage to the green space and vegetation available at the site. If required to destroy vegetation, the contractor must plant twice the amount of destroyed vegetation, of the same type, in that location, with due respect to the environmental conditions.

28.1.23 The contractor is required to report the implementation of HSE management requirements and procedures, to the employer's HSE affairs representative on a monthly basis and at the termination of the contract. Outlines of materials to be included in the monthly report of the contractor's HSE performance shall be as described in the special conditions of the contract and the procedures set forth in the HSE contract appendix.

28.1.24 The contractor must make necessary coordinations with other contractors or employer's executive groups related to the work in question as described in Article 38.

28.1.25 The contractor is required to protect employees in the workshop, properties, completed work, materials and equipment, machinery, whether or not existing at the workplace, warehouse, and work area or outside it, as well as other properties, installations and facilities at the workshop, such as roads, buildings, green spaces and underground installations.

28.1.26 During the execution of construction and installation work in the emergency case, when the safety of personnel and completed work, materials, equipment and other properties and facilities in the workshop is threatened, the contractor shall



immediately and without the need to receive the order from the employer or the consulting engineer take the necessary protective and safety measures.

28.2 The following shall be added to the definitions in the general conditions of the contract in order to complete or modify other definitions in the general conditions, in accordance with these requirements.

- 28.2.1 **Employer's HSE affairs representative:** A natural or legal person who carries out all duties related to supervision on the proper implementation of the "HSE Management System Requirements and Procedures" in the coordination and under supervision of the employer or his/her representative..
- 28.2.2 **Fine notices:** Notices notified by the employer or his HSE representative to the contractor for non- performance of obligations set forth in the contract or failure to comply with the general and specific HSE requirements, in accordance with the special conditions of the contract and the procedures and requirements determined in the HSE contract appendix. The specified fines will be deducted from the contractor's final statement.
- 28.2.3 **The contractual notice leading to the termination of contract, issued at the discretion of the employer/dismissal:** Notices issued due to non-performance of contractual obligations and increased number of fine notices, notices, and continued dissatisfaction with the contractor's operation, issued for a maximum of three times by the employer and communicated to the contractor.
- 28.2.4 **Appropriate and common practices in the industry:** Appropriate and common practices include common experiences, practices, and methods in conducting the description of the work and obligations set forth in the contract which are generally used by professional and specialized companies in relation with similar work descriptions; facilities and the necessary optimizations, which, at certain times are obtained based on experience and logical reasons and the information or the information which shall be obtained at the time of decision-making, or the use of modern scientific methods in order to achieve the desired results that are in accordance with the standards and technical documents attached to the contract, which are consistent with the employer's Health, Safety, and Environmental (HSE) requirements and regulations, the economic savings and the country's resistive economic growth which have also been approved by the employer.



28.2.5 General HSE requirements in the contract: General HSE requirements include the implementation of the "HSE Management System Requirements and Procedures" by the contractor in accordance with the HSE guidelines, standards, procedures, as well as the use of engineering and safe procedures for execution of the work set forth in the contract. The cost of fulfilling general HSE requirements with the commitment to supply all consumable and non-consumable items and required manpower is included in the contractor's proposed price for the implementation of the operations of the subject of the contract or the cost of doing them is anticipated and the employer will not pay for the implementation of the HSE process in such cases.

28.2.6 Special HSE requirements in the Contract: Includes a set of "Requirements and Procedures for the HSE Management System", the cost of which has been included in the specific tables of quantities and prices of consumables, services and activities attached to the contract.

28.3 The following modifications and additions are added to certain articles of general conditions of the contract:

28.3.1 Contractor's confirmations:

A) The contractor acknowledges that in addition to the its awareness and confirmation of all laws and regulations of the country, including the laws and regulations relating to the labor and social security, civil liability insurance of contractor's personnel and third parties, the scheme of classification of occupations, regulations related to the hard and harmful occupations, technical protection and apprenticeships, as well as the costs associated with the full implementation of the "Health, Safety and Environment Requirements, and the employer's HSE Management Procedures", is fully aware of the regional, national, and local environmental laws and regulations, and other legal acts, and is liable for the payment of damages, and penalties for non-compliance with abovementioned laws, regulations, and acts; and would not be entitled to claim that he/she was not aware of the relevant laws and regulations, and the employer had no obligation in this regard.



B) the contractor acknowledges that if the employer determines that any tools, equipment, accessories, and protective machinery and equipment of the contractor is defective, unusable or unsecured, and refuses to accept them, he shall substitute or withdraw them from the place of execution of the work, at his own expense, upon receipt of the written instruction of the employer's resident supervisor or the employer's HSE affairs representative, and replace them with tools, equipment, machinery, and accessories acceptable to the employer. In this case, the contractor shall not be entitled to demand any charges from the employer for repairs, replacements, interruptions in the work of machines and displacement of such machinery and equipment. Confirmation or disapproval of the employer will not reduce the contractor's obligations and responsibilities in the contract.

28.3.2 Contractor's responsibility for supply and compliance with HSE commitments and requirements:

In addition to being responsible for actions, measures, infringements and failures of his employees and subcontractors associated with the contract, the contractor shall oblige them to comply with applicable laws and regulations at the site, including the employer's HSE management requirements and procedures and is responsible for their violations.

28.3.4 Contractor's liability for delays in meeting obligations and HSE requirements

If, following the contract notice to proceed, all or part of the work set forth in the overall and comprehensive plan is suspended or slowed down due to failure by the contractor to fulfill his obligations or failure to comply with the requirements and procedures of the HSE management system, this will be considered as delay and shall not fall under the extension of contract without the failure of the contractor; and the contractor is required to pay compensation for delay to the employer based on the terms of the contract.

28.3.5 Contractor's liability in the case of employee incidents caused by work

The contractor must immediately inform the employer's HSE affair of any human and machine incidents, fire, unsafe conditions, and accidents related to vehicles, health incidents, poisonings, infectious diseases and illnesses; and the contractor's HSE representative shall prepare and complete, under the supervision of the employer's HSE representative, the report form of the incident in (4) copies no



later than 24 hours; and as far as the contractor's personnel and third parties are concerned, reflects the matter to the social security organization, within the statutory time limit. Two copies of this form will be kept by the employer and one copy by the contractor, and the contractor will do any legal and administrative follow-ups; and expenses related to the incident will be compensated by the contractor; and the employer will not have any responsibility in this regard.

28.3.6 The responsibility of contractor in pre start-up/start-up

A) Prior to any pre start-up/start-up (permanent/temporary) of the equipment, the Pre Start-up Safety Review (PSSR) must be conducted while notifying the employer's HSE affairs representative, and the contractor will be authorized to perform operations/work upon issuance of a written permit by the employer's HSE affair.

B) If some procedures and instructions are required to be followed by the operator during the testing and operation, the contractor is required to provide the employer's representative/resident supervisor and the employer's HSE representative with valid documentation.

28.3.7 Penalties for non-compliance with HSE management requirement and procedure

In case of any non-compliance , including violations, defaults and denial of the contractor in the implementation of any of the sections of the HSE management requirements and procedures, the employer's HSE representative is authorized, in coordination with the employer's representative, to suspend the work and issue a penalty notice through the employer's representative and apply it in accordance with tables set forth in the special conditions of the contract. The employer is also required, at the termination of the contract, to submit the status of the Contractor's HSE-related penalties and violations, while mentioning the cases, to the HSE management of the main company to be included in the contractor's file.

28.3.8 Grounds and conditions for dismissal/termination of the contract at employer's discretion

"Failure to observe the HSE regulations and requirements by the contractor and increased number of contractor's fines by up to 10 percent of the amount of the contract at employer's discretion" will be added to the reasons and conditions,



which can be invoked by the employer to adopt necessary measures in accordance with Articles 67 or 68 of the general conditions of the contract.

28.3.9 demobilization of the workshop and installations and cleaning the site

A) The contractor is required, in accordance with the employer's schedule, to collect and remove the prefabricated buildings, recycled materials, facilities and equipment in the site of work, waste and scrap and other equipment, after the completion of the contract operation. Then, at the discretion of the resident supervisor and in coordination with the employer's HSE affairs representative, he/she shall remove these items from the workplace premises and deliver it in a usable condition and a manner acceptable to the employer. Otherwise, the employer may, in addition to calculating and collecting related damages, remove them in any way that he deem appropriate, and debit, at his own discretion, the contractor with these costs, in addition to the overhead cost. In this case, the contractor will waive any right to protest against the employer's action, as well as any claim for losses to his or her properties and assets.

B) The contractor is required to take into account the cost of dumping, transfer or disposal of materials and waste when making a proposal. If, in accordance with the opinion of the resident supervisor or the employer's HSE affairs representative, it is necessary to obtain any instructions or permissions from other authorities to remove or dispose of the waste in the above clause, the contractor is required to pay the related costs for obtaining them.

28.4 The terms and conditions of the specific HSE requirements of the employer which, due to the circumstances and importance of the type of work or the environment for the implementation of the projects, must be strictly observed and implemented by the contractor are determined in the special conditions of the contract and the HSE contract appendix; and it is obvious that the contractor is required to observe the rules and descriptions of the specific HSE services mentioned in this section and, if not observed and implemented, the contractor has the same responsibilities as in other parts of the contract.