

# GENERAL PURCHASE ORDER TERMS AND CONDITIONS

OMV (Norge) AS and CONTRACTOR agrees as follows:

## 1. DEFINITIONS

"OMV" means, OMV (Norge) AS, any of its subsidiaries or affiliates (where appropriate), acting as a company for and on behalf of themselves and their respective co-ventures.

"OMV GROUP" means OMV AG and its affiliates, co-ventures and its and their respective affiliates and its and their respective officers and employees (including agency personnel), its contractors and subcontractors of any tier, but shall not include any member of CONTRACTOR GROUP.

"CONTRACT" means:

- the SAP issued purchase order,
- these "General Purchase Order Terms and Conditions",
- Exhibit A Code of Conduct.
- Exhibit B Health Environment and Safety (only applicable for offshore work)

"CONTRACTOR" means the addressee specified on the face of the Purchase Order.

"CONTRACTOR GROUP" means the CONTRACTOR and its SUBCONTRACTORS, and its other contractors and subcontractors of any tier, its and their respective officers and employees (including agency personnel), but shall not include any member of OMV GROUP.

"SUBCONTRACTOR" shall mean any party of any tier (other than CONTRACTOR or its employees) to a subcontract for the performance of the WORKS.

"WORKS" means the works, supplies, goods and/ or activities described in this CONTRACT including any attachments, together with any warranty work.

## 2. PERFORMANCE

CONTRACTOR shall, and shall procure that any SUBCONTRACTOR appointed by it shall, provide all necessary supplies, personnel, equipment and materials to perform the WORKS:

- a. promptly, with due diligence and in good and workmanlike manner;
- b. with due regard for health, safety and the protection of the environment and fully and at all times in compliance with all applicable laws, regulations, rules and procedures; and
- c. shall warrant and guarantee that work carried out in the course of providing the WORKS shall be reasonably free from defects for one year from the date of the CONTRACT, or upon completion of the WORKS whichever is the later; and
- d. shall warrant that it has all necessary licenses and the capability to perform the WORKS in accordance with the CONTRACT.

## 3. HEALTH, SAFETY & ENVIRONMENTAL AND SITE REGULATIONS

CONTRACTOR places the highest importance to health, safety and the environment (HSE) and shall, during the performance of the CONTRACT, take all reasonable

actions to adhere to OMV's Health, Safety and Environmental Policy and any specific requirements contained herein and site regulations notified to CONTRACTOR from time to time. CONTRACTOR has an obligation to inform own employees, its SUBCONTRACTORS or others who participate in performing the WORKS of the HSE requirements and site regulations in force. CONTRACTOR shall immediately report to OMV any accident, incident or hazardous acts or circumstances in complying with this purchase order. CONTRACTOR shall immediately report any deviations related to environmental requirements, which occur in connection with performing the WORKS.

## 4. QUALITY ASSURANCE AND HEALTH, ENVIRONMENT AND SAFETY

4.1. In order to secure performance and delivery in compliance with the CONTRACT, CONTRACTOR shall have an implemented quality assurance system fully reflecting the requirements of the CONTRACT and the applicable industry standards (e.g. NS/ISO) and perform the WORKS in compliance with such quality assurance system.

4.2. CONTRACTOR shall have an implemented and documented system for health, environment and safety in accordance with the provisions of Exhibit A Health, Environment and Safety. Company reserves the right to audit the abovementioned system and carry out corrective measures at Contractor's expense. Company shall notify Contractor of such audit. Contractor shall give the necessary assistance during such audit.

## 5. COMPENSATION AND METHOD OF PAYMENT

5.1. OMV shall pay CONTRACTOR for the WORKS in accordance with the rates and/ or prices specified in the CONTRACT.

5.2. CONTRACTOR shall submit all invoices to OMV at the address specified in the CONTRACT and marked for the attention of the Accounts Payable. Each invoice shall quote the CONTRACT number and CONTRACTOR's bank account details and be accompanied by such documentation as OMV may reasonably require to verify the correctness of the items invoiced. OMV shall pay the undisputed portion of such properly presented invoices within sixty (60) days of receipt of such invoices.

5.3. All rates and prices contained herein and all payments due to either party under the CONTRACT are exclusive of Value Added Tax (VAT) which shall be charged in addition thereto in accordance with the relevant regulations in force at the time of invoice submission.

5.4. Unless otherwise specified to the contrary in the CONTRACT, the rates and prices contained therein shall remain fixed and

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firm and not subject to adjustment throughout the CONTRACT duration.

- 5.5. CONTRACTOR shall pay any taxes from any jurisdiction on payments made under this Agreement and accepts OMV'S obligations to deduct Withholding Tax, if any, on any payment for the WORKS under this CONTRACT.

### 6. CONTRACT DURATION

- 6.1. This CONTRACT shall continue in full force and effect for the validity period specified in the CONTRACT, as extended until the completion of any warranty work, or until sooner cancelled or terminated in accordance with the terms of the CONTRACT.

### 7. CANCELLATION AND TERMINATION

- 7.1. Without prejudice to OMV's other rights under the CONTRACT, OMV may cancel the CONTRACT or any portion of the WORKS for any reason at any time by giving written notice to CONTRACTOR without giving a reason therefore, in which case CONTRACTOR shall cease work as directed by OMV and shall forward to OMV all completed work, or uncompleted data, drawings, reports and other documentation whether prepared or retained in electronic form or otherwise. In the event of such cancellation, OMV shall be liable only for such charges, costs and expenses as are accrued by CONTRACTOR and due hereunder in respect of the portion of the WORKS correctly performed by CONTRACTOR prior to such cancellation

- 7.2. Either party shall have the right to terminate the CONTRACT immediately by notice to the other if the other goes into liquidation either compulsorily or voluntarily (except for the purpose of a genuine amalgamation or reconstruction) or if a receiver or administrator is appointed in respect of the whole or any substantial part of its assets or if it makes an assignment for the benefit of or composition with its creditors generally or threatens to do any of these things or if any judgment or administration order is made against the other.

- 7.3. Notwithstanding the provisions of the CONTRACT, the following clauses shall survive cancellation, termination and completion of the WORKS and continue in full force and effect: 10, 11, 12, 13, 14, 15, 18, 19, 21 and 22.

### 8. INDEPENDENT CONTRACTOR

- 8.1. CONTRACTOR shall act as an independent contractor with respect to OMV and all personnel, including SUBCONTRACTORS' personnel, assigned to provide the WORKS by CONTRACTOR shall in no sense be deemed to be agents or employees of OMV.

### 9. TITLE AND RISK

- 9.1. All data, designs drawings, reports and other documents, whether prepared or retained in electronic

form or otherwise, furnished or procured by CONTRACTOR in the course of, or as a result of, performing the WORKS shall be the property of OMV and may be used by OMV for any purpose whatsoever. No copies or other records of the same shall be retained by CONTRACTOR.

Title and Risk to the WORKS will pass from the CONTRACTOR to the COMPANY in accordance with the agreed Terms of Delivery based on INCOTERMS 2010 under the CONTRACT.

### 10. PROPRIETARY INFORMATION

- 10.1. Proprietary information shall mean all information which CONTRACTOR, its SUBCONTRACTORS and the directors, officers, agency personnel and employees of each of them directly or indirectly acquire from OMV or from the performance of the WORKS or any other information concerning the technical and business activities and know-how of OMV. CONTRACTOR shall ensure that it, its SUBCONTRACTORS, and the directors, officers, agency personnel and employees of each of them shall not disclose any Proprietary Information to any third party nor use Proprietary Information other than on OMV's behalf except as OMV may otherwise authorize in writing.

### 11. INVENTIONS

- 11.1. CONTRACTOR shall disclose promptly to OMV all inventions which it, its SUBCONTRACTORS, and the directors, officers, agency personnel and employees of each of them may make as a result of the performance of the WORKS or which are wholly or in part based on or derived from Proprietary Information. All rights, title and interest in and to such inventions shall belong to OMV.

- 11.2. CONTRACTOR agrees to perform all acts which OMV may deem necessary to protect title to such inventions and to obtain and maintain patent coverage thereon throughout the world and in such circumstance, OMV shall reimburse CONTRACTOR for all reasonable expenses incurred in connection therewith.

### 12. PATENT INFRINGEMENT

- 12.1. CONTRACTOR shall be liable for and shall defend and indemnify OMV from and against all claims, injunctions and legal proceedings and all costs and expenses arising from any infringement of any patent, copyright or other proprietary right asserted by any third party in respect of any device, apparatus or method used by CONTRACTOR in performing the WORKS. CONTRACTOR shall either provide a non-infringing device, apparatus or method or at its option secure the free use by OMV of infringing device, apparatus or method.

### 13. LIABILITIES AND INDEMNIFICATION

- 13.1. Each party (an Indemnifying Party) shall be liable for and shall defend, indemnify and hold the other party - the Indemnified Party - harmless from and against all costs, losses, expenses and claims for:

- a. any death of or injury to, or the contracting of any disease or illness (physical or mental) by the

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- Indemnifying Party's directors, officers, agency personnel and employees and, in the case of OMV GROUP, those of its co-ventures and in the case of CONTRACTOR GROUP, those of its SUBCONTRACTORS of any tier, and/or
- b. damage to or destruction, or loss of use of, the property of the Indemnifying Party and of its directors, officers, agency personnel and employees including in the case of OMV GROUP, those of its co-ventures and in the case of CONTRACTOR GROUP, those of its SUBCONTRACTORS of any tier
- c. any claim of whatever nature arising from pollution occurring on the premises of the Indemnifying Party, and emanating from the property or the equipment of such part arising out of the CONTRACT irrespective of the negligence in any form or other breach of duty (statutory, contractual or otherwise) of such Indemnified Party. None of the above provisions is intended to or should be construed or operate as to restrict or exclude the liability of a party to any real person for personal injury or death resulting from that party's negligence.
- 13.2. Neither OMV GROUP nor CONTRACTOR GROUP shall bear any liability under the CONTRACT or at law, arising out of or in connection with the subject matter of the CONTRACT to the other in respect of any loss of production, loss of profits, loss of business or any indirect or other consequential loss or damage suffered by the other or, in the case of OMV GROUP, its co-ventures and, in the case of CONTRACTOR GROUP, its SUBCONTRACTORS of any tier.
- 13.3. Where any right of the indemnity is conferred by the CONTRACT the Party having the benefit thereof (the "Indemnified Party") shall (a) forthwith upon receiving details of any claim which may give rise to a claim under such right of indemnity and thereafter from time to time give notice to the Party giving the indemnity (the "Indemnifying Party") of the details of such claim and any action which is contemplated from time to time in relation to the same; (b) take such action as may in its reasonable opinion be necessary to defend it from such claim and keep the Indemnifying Party fully informed of the same; (c) not settle or compromise any such claim without the prior consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed; (d) if the Indemnifying Party shall secure to the reasonable satisfaction of the Indemnified Party the potential liabilities of the Indemnified Party, including legal costs, with respect to the claim, give to the Indemnifying Party the full conduct of such claim, provided always that the Indemnified Party may, without prejudice to (a) to (c) above, decline to do so if in its reasonable opinion its wider commercial interests might be adversely affected by so doing.
- 13.4. None of the above provisions is intended to nor shall be construed nor operate so as to restrict or exclude the liability of a party in respect of fraud.
- 13.5. In hole equipment (only applicable for offshore work) Notwithstanding the provisions of Article 13.1 - OMV shall reimburse Contractor for loss of or damage to property, materials or equipment of Contractor Group, which occurs whilst in-hole below the rotary table, unless due to fair wear and tear, inherent defect or caused by a negligent act or omission by Contractor.
- Company's liability shall be on the basis of Equipment replacement value as agreed between Company and Contractor at Commencement Date or at the date of mobilisation of such Equipment less depreciation calculated from such date in accordance with the following principles:
- Class I tools: No depreciation shall apply. Class I tools (intelligent tools) shall be defined as Hydraulic Drilling Jars, Hydraulic Accelerators, Shock Cushion Subs, Hydraulic Under Reamers, Hydraulic Stabilisers, Hydraulic Circulation Subs, Roller Reamers, Hole Openers, All Fishing, Milling and Whip-stock Tools plus any other tools that require a complete strip down and rebuild following use
  - Class II tools: Shall be subject to monthly depreciation at the rate of one percent (1%) per month up to a maximum of twenty percent (20%). i.e. Eighty percent (80%) residual value. Class II tools shall be defined as Tubulars and Accessory Equipment.
  - Depreciation does not apply for sales equipment.
14. INSURANCE
- CONTRACTOR shall, and shall ensure that its SUBCONTRACTORS shall, procure and maintain at their own expense with respect to and for the duration of the CONTRACT the following policies of insurance with waivers of subrogation in favor of OMV:
- a. Employers liability and/or Workers compensation insurance covering illness, personal injury or accidental death of CONTRACTOR's and SUBCONTRACTOR's employees or cover of a comparable nature to the full extent required by applicable laws; In respect of any portion of the Work to be performed at a site located on the Norwegian Continental Shelf the Contractor shall provide for his and Subcontractors personnel adequate insurance coverage against injury to and or death of such personnel from the time they leave the mainland until they return. Such insurance coverage shall confirm without limitation of the following value in respect of Norwegian offshore licensing sector: Insurance coverage, including Occupational injury ("yrkedsskade") in an amount of least forty (40) times the basic amount (G) of the Norwegian Social Security.
  - b. General Third Party insurance covering legal and contractual liabilities in an amount of not less than NOK 10,000,000 for any claim or series of claims arising out of any one incident;
  - c. Professional Indemnity insurance in an amount of not less than NOK 10,000,000 for any claim or series of claims arising out of any one incident

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- and valid for the duration of the CONTRACT and for a period of six years after completion; and
- d. such other insurances, if any, as shall be reasonably required by OMV in relation to the obligations of CONTRACTOR pursuant to the CONTRACT, and shall produce evidence of such cover and waivers if so required by OMV.
15. TAXES
- 15.1. CONTRACTOR shall defend, indemnify and hold OMV harmless from any taxes or income, wages, salaries, profits or gains imposed by any governmental authority upon CONTRACTOR or OMV in respect of any payment made to or earned by CONTRACTOR hereunder. If required by the laws of any country having jurisdiction, OMV shall have the right to withhold amounts at the withholding rates specified by such laws from the compensation payable for the WORKS performed by CONTRACTOR hereunder and any such amounts paid over by OMV to a governmental authority pursuant to such laws to the extent of such payment be credited against and deducted from amounts otherwise owing to the CONTRACTOR hereunder.
- 15.2. CONTRACTOR shall be liable to income taxes, value added taxes, withholding taxes, levies, charges, or any other taxes charged on it by any relevant tax authorities in the process of carrying out the WORKS.
- 15.3. CONTRACTOR shall maintain tax records for the period of time prescribed by the relevant tax laws of the jurisdictions where the CONTRACTOR operates.
- 15.4. CONTRACTOR shall be responsible for all taxes, import duties; fees and the like related to the CONTRACT and shall indemnify and hold OMV GROUP harmless in respect of all liabilities and associated costs and expenses which may be incurred in connection therewith.
- 15.5. CONTRACTOR shall provide all relevant information to the Norwegian tax authorities; form RF-1199, for all employees working on assignment in Norway or on the Norwegian Continental Shelf. Information must also be given of Norwegian nationals working on assignment in Norway or offshore who are employed by foreign clients/contractors. Contractor will ensure that all relevant subsequent information regarding the Work is reported in accordance with the requirements at altinn.no in accordance with prevailing legislation. Contractor also undertakes to ensure that all sub-suppliers down the line report to the public authorities as required by applicable statutes and regulations. The Company shall be informed immediately after such information is given to Norwegian authorities. The Contractor shall compensate the Company for any economic damage a breach of the mentioned disclosure requirements might cause the Company.
16. ASSIGNMENT AND SUBCONTRACTING
- 16.1. CONTRACTOR shall not assign the CONTRACT in whole or in part, or subcontract, or permit any SUBCONTRACTOR to subcontract, any or all of the WORKS hereunder specified without the prior written consent of OMV, which consent shall not be unreasonably withheld. OMV shall have the right to assign the CONTRACT, such right to be exercised by written notice to CONTRACTOR.
17. FORCE MAJEURE
- 17.1. A delay in or failure of performance of either CONTRACTOR or OMV shall not constitute default under the CONTRACT nor give rise to any claim for damages if and to the extent such delay or failure is caused by occurrences beyond the reasonable control of the party affected but equipment breakdown or shortage or the shortage of personnel shall not be considered a force majeure event.
18. NOTICES
- 18.1. Any notice required to be given hereunder shall be deemed to have been properly given by a party if sent by prepaid mail or facsimile to the other party at the other party's address specified in the CONTRACT.
- 18.2. Notices shall be deemed to have been received and effective: if sent by mail – at the time of receipt by the addressee of such delivery or two (2) business days after the date of mailing, whichever occurs first; or if sent by email – at the time specified in the email transmission; or in the event such time is outside normal working hours 0930 hours on the first business day after the day of transmission.
19. CONFIDENTIALITY
- 19.1. CONTRACTOR undertakes to treat any information (including, but not limited to the terms of the CONTRACT), data and information relevant to the WORKS and the results of the WORKS as strictly confidential and CONTRACTOR acknowledges that this confidentiality is an essential requirement of the CONTRACT. Such information shall only be disclosed by CONTRACTOR to OMV's representative or any other person authorized in writing by OMV.
20. AMENDMENT and VARIATIONS
- 20.1. No amendment of the terms of the CONTRACT shall be effective unless it is made or confirmed in a written document signed by both parties.
- 20.2. With reasonable prior notice, the COMPANY and CONTRACTOR shall discuss variations to the PURCHASE ORDER and agree with each other resulting change to any of the details shown in the PURCHASE ORDER:
21. AUDIT RIGHTS
- 21.1. CONTRACTOR shall prepare full records relating to the performance of the WORKS. Such records shall be retained by the CONTRACTOR for a period of four (4) years after the termination of the CONTRACT.

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- 21.2. OMV GROUP or its authorized representative(s) or agents(s) shall be granted access to examine and to take copies of all records referred to in clause 21.1 other than with records associated with fixed lump sums or containing any trade secrets, formulas or processes.
  - 21.3. Any amount by which the total payment by OMV to CONTRACTOR exceeds the amounts due to the CONTRACTOR as shown by the examination referred to in clause 21.1 shall be returned to OMV.
22. GOVERNING LAW AND DISPUTES
- 22.1. The CONTRACT shall be governed by and interpreted in accordance with Norwegian Law.
  - 22.2. Disputes arising in connection with or as a result of the CONTRACT, and which are not resolved by mutual agreement, shall be settled by court proceedings unless the parties agree otherwise. Any court proceeding shall be brought before Stavanger district court. Disputes shall be settled in accordance with Norwegian law.

EXHIBIT A  
CODE OF CONDUCT

Contractor is aware that Company is committed to a Code of Conduct that is based on the UN Global Compact. Contractor declares to also commit to the values set out therein. In relation to Company the following applies:

- A. In particular, Contractor is obliged to:
- a) Refuse to offer, pay or accept bribes (bribes are payments and other benefits made to effect wrongful acts or failures to act);
  - b) Pay remunerations exclusively for legitimate services;
  - c) Permit gifts, hospitality and similar payments only within the limits of generally accepted business practice;
  - d) Demonstrably relate commissions and payments to third parties to legitimate business expenses, linked to the services rendered and to account for them openly;
  - e) To ensure in relation to its employees:
    - a. Equality and non-discrimination when hiring and during the employment
    - b. Adequate living wages
    - c. Right to association and collective bargaining
  - f) Avoid and not to accept child labour or forced labour (see definition F.) in manufacturing its products and delivering of its services;
  - g) Respect human rights in its scope of activities, especially:
    - a. Right to life, physical integrity, liberty and security of person
    - b. Right to privacy and family life
    - c. Right to freedom of opinion and expression
    - d. Right to freedom of assembly and association
    - e. Right to own property
  - h) Assign these obligations to its suppliers/contractors.
- B. In case of non-fulfilment of the foregoing obligations, Company shall be entitled to rescind the contract with immediate effect. In addition, the Contractor shall be obliged to pay per infringement a contractual penalty of 5% of the contract price but Euro 20,000 at a minimum which shall be used by Company for a humanitarian purpose beyond the enterprise of the Company. By payment of the contractual penalty Company shall not be hampered to claim any damage exceeding the contractual penalty.
- C. Company is at all times entitled to verify the compliance with these obligations. Contractor shall be entitled to nominate with binding effect experts of internationally recognized organisations focussed on human rights and child labour (e.g. Amnesty International, UNICEF) for the execution of the verification. This includes access to all relevant information as well as to all persons, locations and documentation concerned. The auditors shall be obligated to confidentiality. If the Contractor refuses or prevents such verifications, Company shall be entitled to rescind the contract with immediate effect.
- D. Company shall only be entitled to rescind the contract according to B. or C. or to impose a penalty after the Contractor has failed to follow a written invitation to discuss the results of the evaluation within a reasonable time (one month after the invitation at most) or if such discussions failed to achieve adequate measures and dates for improvement. Further, Company shall only be entitled to rescind the contract or to impose a penalty if agreed measures were not executed timely or were not executed at all.
- E. If Contractor refuses discussions or agreement on measures according to D. Company shall be entitled to execute the contractual consequences according to B. and C. directly. In case Company exercises the right to rescind the contract,

Company shall merely pay adequate compensation for deliveries or services useful in its discretion.

F. Definitions

Child labour is

- Any work performed by persons under the age of 12 years
- Work performed by persons from 12-15 years which does not constitute light work. Light work is work
  - that is not harmful to health or development and does not prejudice attendance at school or other educational institutions

Work done in schools for educational purposes as well as work of persons of at least 14 years in apprenticeship programs is not prohibited. Work, school and transport must not exceed 10 hours per day, in total.

Prohibited is hazardous work performed by persons under the age of 18 years. Hazardous work is work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children. The types of hazardous work are determined by national law, taking into account the following factors:

- exposure to physical, psychological or sexual abuse
- physical surroundings: work underground, under water, at dangerous heights, in confined spaces
- unhealthy environment: e.g. hazardous substances, agents or processes, temperatures, noise levels, vibrations harmful to health
- particularly difficult conditions: long hours, during night, manual handling and transport of heavy loads, unreasonable confinement to premises of employer
- use of dangerous instruments: machinery, equipment, tools

Prohibited are further:

- Forced or compulsory labour, including forced recruitment for use in armed conflict.
- All forms of slavery or practices similar to slavery, such as the sale and trafficking of children.
- Use for prostitution or for the production of pornography or for pornographic performances.
- Use in illicit activities, e.g. trafficking of drugs.

Forced or compulsory labour is any work or service extracted from any person under the menace of penalty and for which the said person has not offered her/himself voluntarily. For the purposes of this code of conduct, this term includes slavery and practices similar to slavery, such as debt bondage and serfdom.

- G. Company is aware of its specific duties and responsibilities, in particular respecting cultures of the different host countries. Company's advertisements, commercials and publications in general and as well in particular related to sponsor activities must not offend or violate religious or cultural feelings of the people living in the surrounding community and wider society where Company operates. Related to products delivered or services rendered to Company Contractor is also obligated to act accordingly.
- H. Contractor shall be obliged to abide by all laws and regulations concerning the protection of the environment. In case of non-compliance sections B. to E. shall apply accordingly

## HSE

## 1. HEALTH, SAFETY AND ENVIRONMENT

The Contractor's HSE policy shall reflect the zero mindset as a long time target.

## 1.1. General

Contractor shall have a documented corporate HSE policy, developed with active employee participation. Contractor shall document the name, title and experience of the most senior manager in the organisation responsible for ensuring that this policy is observed. Contractor shall also document who has overall and ultimate responsibility for HSE matters within its organisation.

The contractual requirements in this Appendix apply both to the contractor and its subcontractors.

The employees shall have actual influence on their working situation in matters concerning health and safety. Sufficient time and resources shall be allowed for the employees to be able to participate during the establishment, follow-up and development of the HSE management system.

Contractor shall define and document which methods are applied for informing personnel about its HSE policy, and which routines are employed to inform personnel of any changes to this policy.

Contractor shall ensure that HSE is a line management responsibility throughout the project organization including Contractor's organisation, Subcontractors and their Contractors.

Contractors shall plan and run the activity in a pro-active manner that ensures that the Work can be performed without loss of life or harm to health, without damage to plant and/or equipment, without unplanned emissions or discharges to the environment, and in such a way that production or processes are not unexpectedly halted.

Contractor shall search for and choose optimal solutions and work processes for the performance of the Work. Contractor shall demonstrate how HSE is attended to in this respect, both in the HSE program and the execution of the Work under the Contract.

Contractor's HSE organization chart shall describe the functions and/or disciplines of personnel dedicated to follow up HSE requirements in the Contract.

Contractor's HSE performance under the Contract shall be measured against the approved HSE program and the agreed HSE activity list.

If in Company's opinion Contractor's or his Subcontractors HSE performance under the Contract is unsatisfactory, Contractor shall at his own costs take immediate corrective actions to ensure compliance with the requirements in the Contract.

## 2. LEADERSHIP AND COMMITMENT

## 2.1. Commitment to HSE through leadership

Responsibility for HSE shall lie with the line management. Top executives shall be personally involved in HSE management. The commitment to HSE shall be evident at all levels within the organisation, and the corporate culture shall ensure a positive attitude to HSE issues.

## 3. POLICY AND STRATEGIC OBJECTIVES

## 3.1. HSE policy, access and responsibility

The contractor shall have a documented corporate HSE policy, developed with active employee participation. The contractor shall document the name, title and experience of the most senior manager in the organisation responsible for ensuring that this policy is observed. The contractor shall also document who has overall and ultimate responsibility for HSE matters within its organisation. The contractor shall define and document which methods are applied for informing personnel about its HSE policy, and which routines are employed to inform personnel of any changes to this policy.

## 3.2. Contractor's policy on accidents and losses

The contractor's HSE policy shall reflect the Zero mindset as a long time target.

## 4. ORGANISATION, RESOURCES AND DOCUMENTATION

## 4.1. Employee contribution

The employees shall have actual influence on their working situation in matters concerning health and safety. Sufficient time and resources shall be allowed for the employees to be able to participate during the establishment, follow-up and development of the HSE management system.

## 4.2. Organisation and communication

The contractor's management shall be involved in HSE activities, and in setting and following up HSE objectives. The contractor's organisation shall facilitate effective HSE

management and communication, with particular emphasis on HSE as an integrated element in planning and implementing operations.

4.3. HSE training of managers and supervisors

Managers and supervisors who will be involved in planning, monitoring, checking or carrying out the work shall, regardless of their level in the organisation, have undergone formal HSE training. HSE training norms and training programmes shall be defined for managers at all levels. All training shall be documented.

4.4. Personnel HSE induction programme

Special arrangements shall be established for training new employees in relevant local procedures and in any specific hazards inherent in the activity. All training shall be documented.

4.5. HSE training programme

The contractor shall have put documented systems in place for selecting and training personnel in order to ensure that the work is executed by qualified individuals with adequate skills. Arrangements shall be established which ensure that the contractor's personnel are familiar with and, where required, trained in:

- basic industrial HSE
- the contractor's HSE policy and practice
- the company's general HSE requirements
- any specific hazards inherent in the activities
- correct use of personal protective equipment
- emergency response

Arrangements shall be put in place to ensure that the HSE knowledge and training of personnel are constantly updated.

4.6. Specialised training

The contractor shall evaluate and document how far any of its areas of activity require special and/or additional training in respect of potential risks. Relevant training programmes shall be established. All training shall be documented.

4.7. Rules, regulations, standards and requirements

The contractor shall document

- its compliance with statutory rules and regulations, and with the company's contractual requirements
- the methods used to verify understanding and compliance
- the overall structure for preparing and updating in-house requirements and procedures

- the overall structure for making such documents known

4.8. Assessing the suitability of subcontractors

The contractor shall assess the HSE expertise and record of its subcontractors. The contractor shall document its methods for identifying the standards and requirements to be met by subcontractors, and for ensuring that these standards and requirements are understood and observed.

5. EVALUATION AND RISK MANAGEMENT

5.1. Risk assessment

The contractor shall employ suitable and generally recognised methods for identifying and assessing HSE hazards and their consequences. These methods shall be documented.

5.2. Security management

The contractor shall at all times have implemented security measures which protect the company against relevant threats related to the work. The level of security shall be flexible and adapted to the relationship between the threat and activities ongoing at any given time. OLF's guidelines for heliport and supply base security shall be adhered to when relevant. A system shall be in place for handling of classified documents and electronic data.

The contractor shall be able to verify the identity of personnel who are to do work for the company at bases, on installations, on vessels and at land-based plants, and in premises employed by the company. When the contractor uses hired personnel, references from earlier employment shall be verified.

5.3. Sickness absence

Data on sickness absence shall be used proactively. Provisions shall be made for the employees' return to work, or that alternative work is offered within the contractor's organisation.

5.4. Work related illness

The contractor shall systematically follow up incidents of possible work related illness. Employees shall be encouraged to propose countermeasures, and to prevent new incidents from occurring.

5.5. Working environment surveys



The contractor shall have a system which ensures and documents the identification and following up of all physical, chemical, ergonomic and psychosocial/organisational factors which could be potentially detrimental to health and performance. This system shall be linked to continuous systematic monitoring of the exposure of its own and subcontractor employees to these factors, and to a programme for reducing exposure which could be harmful to health.

5.6. Use of overtime

Working hours, overtime and restitution time shall be systematically monitored. The contractor shall ensure that the use of overtime does not represent a risk to human health or safety.

5.7. Chemicals

The contractor shall have a system which ensures and documents that all chemicals due to be used during the work are evaluated for their health risk during transport, use and disposal, and that chemicals with the smallest health risk are given preference wherever this is technically and operationally feasible.

5.8. HSE data sheets

The contractor shall have a system in place which ensures that correct information is available on the health risk, fire, explosion and environmental hazards posed by chemical products used in the work. The MSDS shall be made available in a language that is understood by the employees who will perform the work.

5.9. Personal protective equipment

The contractor shall be able to demonstrate that the personal protective equipment used during the work provides satisfactory protection in the relevant tasks. Documented arrangements shall be in place for provision and maintenance of such equipment, both standard issue and items required for special operations.

5.10. Environmental management system

The contractor shall have an environmental management system developed to a level comparable to a recognized international standard, e.g. ISO 14001:1996 or EMAS. The system is well known by contractor's personnel, and actively adhered to.

5.11. Environmental impact assessment and monitoring

The contractor shall have a system in place which ensures and documents the evaluation and follow-up of the work's environmental impact. The follow-up shall include environmental monitoring where required. Evaluation and monitoring results shall be used systematically to minimise the environmental impact.

5.12. Selection of environmentally optimal solutions

The contractor shall have a system in place which ensures and documents the selection of environmentally optimal solutions. The environmental aspect shall be included in all technical evaluations which involve discharges. The results of these evaluations shall be documented in an environmental accounting system, and shall serve as an evaluation criterion when selecting solutions based on cost/benefit analyses.

5.13. The environment and management documentation

The contractor shall have a system in place which ensures and documents the inclusion of the environmental aspect in management documentation, including operational procedures.

5.14. Waste management

The contractor shall have implemented a system for identifying, classifying and handling waste. Hazardous waste shall be handled in accordance with applicable statutory rules and regulations. Consumer and production waste shall be sorted.

5.15. Environmental properties of chemicals due to be discharged

Information on toxicity, biodegradability and bioaccumulation potential shall be available for all chemicals due to be discharged to the sea during the work. The contractor shall demonstrate a system which ensures and documents that ecotoxicological data and the contents of material safety data sheets are consistent with each other and valid for the chemical actually being used.

For operations on the Norwegian continental shelf and in areas covered by OSPAR, ecotoxicological data for chemicals shall be provided in the harmonised offshore chemical notification format (HOCNF). This information shall be compiled in accordance with the quality requirements specified in OSPAR's published guidelines for completing the HOCNF.

Guidelines for ecotoxicological testing issued by the Norwegian Pollution Control Authority (SFT) shall apply [see Requirements for ecotoxicological testing and environmental

assessment of offshore chemicals and drilling fluids, 31 August 1998].

#### 5.16. Use of potentially environmentally harmful chemicals

The contractor shall have a system in place which ensures and documents the evaluation of measures to reduce discharges/emissions to soil, water and air. Emphasis shall be given to reducing chemical usage and replacing environmentally harmful chemicals. Measures based on these evaluations shall be included in an environmental action plan or HSE programme.

If the contractor manufactures or imports chemicals, he shall comply with statutory rules and regulations, as well as official guidelines on evaluating and classifying chemicals. In Norway, this shall include reporting chemicals to the product registry (Produktregisteret).

The contractor shall avoid discharging chemicals with a potential for long-term impact in the form of high bioaccumulation potential or poor degradability, or which are considered potentially harmful in other respects. That applies particularly to chemicals discharged in large quantities and/or in sensitive areas. Where such criteria fail to be met, the justification for continued use shall be documented or a plan for replacing the chemical prepared.

When chemicals that are used in Norway fail to meet SFT's criteria for degradability and bioaccumulation, or when such chemicals in other ways are classified as potentially harmful to the environment, the justification for continued use shall be documented, and a plan for replacing the chemical shall be prepared.

Chemical products and substances which are used in Norway and classified by the SFT and the NPD [see Report no 58 (1996-97) to the Norwegian Storting (parliament), and current regulations] shall contain a minimum level of contaminant, and be of such a high purity and quality as possible. The contractor shall have a quality assurance system, which ensures that the products with the highest purity are used.

#### 5.17. Safety delegates

The work to be carried out by the organised safety delegate service under statutory rules and regulations shall be described. This work shall be supervised in accordance with specified routines established by the parties and their organised safety delegate services before the work commences.

## 6. PLANNING AND PROCEDURES

### 6.1. HSE working practices

Documented HSE procedures shall exist for all potentially hazardous operations. The procedures are routinely updated and disseminated to employees. Working practices and procedures shall be consistent with the contractor's HSE policy and HSE management system.

### 6.2. HSE programme

The contractor shall establish an HSE programme which covers the elements of the HSE management system. The programme shall be prepared in consultation with the contractor's employee representatives. This programme shall form an integral part of the company's overall HSE programme for the respective site, project or activity, and cover specific activities with a description of what is to be delivered. The HSE programme shall be proactive and shall be kept updated throughout the work.

The HSE programme shall cover occupational health and the working environment, safety, security, the environment and emergency response. Separate objectives shall be defined for each of these main areas. In addition, the HSE programme should

- identify statutory rules and regulations, and other specific requirements relating to HSE which apply to the work;
- define activities which shall be initiated to meet prevailing requirements;
- define applicable risk acceptance criteria;
- define the hazards which shall be addressed, how these are to be controlled, and which methods should be used if necessary to regain control;
- identify procedures to be developed under the contract;
- define company/contractor responsibilities and interfaces, and the contractor's strategy for supervising subcontractors;
- identify and schedule the contractor's training requirements.

The HSE programme shall be submitted to the company and company's employee representatives for review in accordance with agreed milestones. The company shall be notified of possible changes to the programme.

### 6.3. Equipment control and maintenance

The contractor shall have documented systems in place which ensure proper maintenance and calibration as well as

suitability of tools and equipment used by its personnel when performing the work at its premises, on site or at any other location.

#### 6.4. Emergency preparedness

The contractor shall be capable of proper notification and be able to establish and maintain contact with next-of-kin, media, unions, and authorities in co-operation with company, unless otherwise agreed. The contractor shall have a system in place ensuring that updated and relevant personnel data for contractor's personnel and subcontractor's personnel are easily available in contractor's office in case of an emergency. The data shall include social serial numbers and relevant personal data for next-of-kin. The contractor shall have a documented organisation for providing immediate and long-term care for employees and relatives in the event of a hazardous condition or an accident.

#### 6.5. Implementation and monitoring

#### 6.6. Supervision and monitoring of work activities

The contractor shall supervise and monitor its work activities to ensure that all relevant HSE requirements are fully complied with. The results of this supervision and monitoring shall be passed on without undue delay to the contractor's management and personnel. The contractor shall verify that employees are familiar with work instructions and procedures, and that they are capable of acting according to the instructions provided. Frequent management inspections shall be performed to verify compliance with prevailing standards.

#### 6.7. History of undesirable events/hazardous conditions

The contractor shall comply with all official requirements for notifying and reporting undesired events/hazardous conditions relating to safety, occupational health and the environment. Routines for ensuring such compliance shall be documented.

All notifiable undesirable events/hazardous conditions experienced by the contractor shall be reported to the company without undue delay, whether the event occurred at the contractor's premises, at the site or at other locations. The report shall include the date of the event, its causes and any preventive follow-up measures taken.

#### 6.8. Reporting events with a high loss potential

High loss potential events suffered by the contractor shall be reported to the company within 24 h of the incident. Information on possible underlying causes shall be provided.

#### 6.9. Reporting personnel injuries

The company shall be notified of any personnel injury suffered by the contractor's personnel. Direct and underlying causes shall be specified.

#### 6.10. Incident follow-up system

The contractor shall have a manual or computerised system in place to record and follow-up corrective and preventive actions resulting from undesired events. The system shall facilitate systematic transfer of experience.

#### 6.11. Occupational health

The contractor shall have a system in place which documents systematic health monitoring as specified by applicable regulations and good professional practice. Monitoring shall lead to action plans, which are regularly followed up.

The system shall provide for identification, evaluation and reporting of work related illnesses and corrective measures, follow-up of employees on sick leave, and prevention and treatment of alcohol and drug abuse.

#### 6.12. HSE performance indicators

Unless otherwise agreed, a monthly HSE report shall be submitted as part of the contractor's overall monthly report. This report shall cover the status of identified HSE hazards and significant HSE aspects. The status of all activities in the HSE programme shall also be detailed in full. Preventive measures which have been initiated or implemented shall be briefly described.

The contractor shall have a documented system in place to monitor HSE performance against targets for defined key areas and activities, with feedback to employees.

Unless otherwise agreed, the following HSE data shall be provided for the contractor, each subcontractor and in total:

- number of accidents/losses;
- number of near-misses/hazardous conditions;
- number of undesirable events with high loss potential;
- number of lost-time injuries;
- hours worked (see below);
- registered overtime;
- sickness absence (as a percentage of normal working hours);
- new cases of work related illness.

The company shall be informed of the contractor's definition of a lost-time injury and work related illness, and its definition of and practice concerning the use of alternative work.

Hours worked shall be specified as follows:

- a) total number of hours worked on the contract in the period,
- b) direct and indirect construction hours, including supervision and fabrication, but excluding engineering hours.

Off-site construction and installation work performed by subcontractors which amount to more than 10 000 h shall also be reported.

#### 6.13. Handling non-conformances

The contractor shall have a system in place for registering and following up non-conformances with procedures, specifications, standards and contract requirements relating to the work. Underlying causes shall be identified. Measures shall be taken to prevent recurrence, and the effectiveness of the measures shall be assessed.

#### 6.14. Experience transfer

Formal requirements for HSE experience transfer shall be documented. Sufficient time and resources shall be provided to facilitate systematic improvement.

Transfer of HSE experience shall form part of the contractor's close-out report to the company. This report shall be prepared concurrently with the work, and shall as a minimum address the following:

- how the contractor's HSE programme has functioned (where such a programme has been drawn up);
- unforeseen problems — how these were overcome and recommended future approaches;
- underlying causes of personnel injuries and work related illness, and how such cases have been followed up;
- positive HSE aspects which should be considered for future activities;
- any damage to equipment, and recommendations on avoiding similar damage in future operations;
- suggested improvements to work routines.

The current status of the above items shall be discussed with the company representative at regular experience transfer meetings.

#### 6.15. Investigation and reporting of major incidents

The contractor shall document who will lead investigations. Competence requirements to key positions in the investigation team shall be clearly defined.

Investigation reports shall be made available to all employees. Findings shall be communicated to the contractor's base management and personnel.

### 7. AUDITING AND REVIEWING

#### 7.1. Auditing and reviewing

The contractor shall have a documented plan covering all audit issues and high priority verification, review and follow-up issues. Objects and issues subjected to supervision shall be selected on the basis of risk assessments. Deviations shall be systematically followed up and corrected. The program shall include relevant sub-contractor activities.

### 8. HOCNF AND CHEMICAL REPORTING

#### 8.1. HOCNF

Contractor will prove Company with an operator's access to HOCNF (Harmonized Offshore Chemical Notification Format) through NEMS Chemicals. If access cannot be provided, a copy of HOCNF shall be submitted either as a paper, - or as an electronic file.

#### 8.2. Chemical Reporting

Contractor will if asked from Operator register chemical accounting for the drilling activity into NEMS Accounter. Operator expects Contractor to be familiar with the use of NEMS Accounter. Operator will provide Contractor access to NEMS Accounter.