

SAFETY INCENTIVES & DISCIPLINARY ACTION PROCEDURE

AGREEMENT NO. : 09-5578-E-4

PROJECT NAME : Ruwais Refinery Expansion Project
EPC-4: Tankage & Associated
Interconnecting Piping



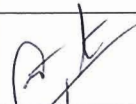

COMPANY : Abu Dhabi Oil Refining Company (TAKREER)

PMC : Mott MacDonald Ltd.

CONTRACTOR : Daewoo Engineering & Construction Co., Ltd.

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	EPC-4 TANKAGE AND ASSOCIATED INTERCONNECTING PIPING		
	AGREEMENT No. 09-5578-E-4		
PROJECT No. 5578	Doc. No. 5578-E4-HSE-HU-00044	Rev. 2	Page 2 / 15

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NOTES:

- (a) Revisions are denoted by a vertical line placed in the right-hand margin against the revised text.
- (b) PREP = Prepared by, CHKD = Checked by, REVD = Reviewed by, APP'D = Approved by.
- (c) In case of conflict between any requirements stipulated in this document with the contractual requirements, the contractual requirements shall prevail.

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1. INTRODUCTION

1.1 Purpose

This procedure is to describe in detail the safety incentive scheme and disciplinary action in order to promote the HSE performance on site, and reward in a tangible way deserving individuals and teams.

The principle is to stimulate the Contractor/Subcontractor employees to work in a safe manner.

1.2 Scope

This procedure applies to all work activities and employees while on the project.

2. DEFINITION

1. Eligible Employees

The project personnel who deserve receiving an award for the safety performance.

2. Violator/Offender

The personnel who breaches the HSE rules, requirements and guideline.

3. LTI

Lost Time Injuries (LTI = Fatality + Lost Workday Case).

4. Without LTI

Free from LTI.

5. Site HSE Committee

Site HSE Committee will be composed as below:

- CONTRACTOR Project Manager
- CONTRACTOR Construction Manager
- CONTRACTOR Section Managers
- CONTRACTOR HSE Manager & Staff
- Client HSE representative
- Subcontractors Management

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3. RESPONSIBILITIES

3.1 Project Manager

The Project Manager is responsible for ensuring that the requirements of this procedure are adhered strictly to during execution of the project.

3.2 Section Manager

The Section Managers are responsible for supporting its application and ensuring that all entities at the site actively participate.

3.3 HSE Manager

The HSE Manager is responsible for;

- Ensuring that the administration of this procedure is being managed effectively, with all documentation and records being maintained.
- Arranging with the Section Managers this safety incentive and disciplinary program.

3.4 HSE Supervisor & Officers

The HSE Supervisor is responsible for;

- Correcting the unsafe act and condition.
- Issuing the warning notice by verbal or written to the violator.
- Recommending the eligible personnel or team for the safety award to the HSE Manager.
- Filing the records of this procedure.

3.5 Supervisors

The Supervisors are responsible for;

- Correcting the unsafe act and condition.
- Requesting the issue of written warning notice for the violator to HSE Officers.
- Recommending the eligible personnel or team for the safety award to HSE Department.

4. HSE INCENTIVE PROGRAM

4.1 Instruction

The expectations of the CONTRACTOR will be well publicized on site by safety promotion campaigns, publicity, training and feedback at toolbox meeting.

Everyone on site who makes a positive contribution to achieving these expectations, or is considered to be making an outstanding contribution to the safety of the project, may qualify for a reward from management in appreciation of their efforts. Depending on the circumstances, this may be in the form of gifts or certificates of appreciation.

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The safety incentive program applies to all CONTRACTOR and Subcontractors employees (excludes vendor representatives). This program will be administered by CONTRACTOR HSE department in cooperation with Client, Subcontractor's HSE departments and consist of the activities reported below.

In all cases the presentation of awards will be high profile and will take place at toolbox meetings, HSE committee meeting or special ceremonies.

In addition, photographs of the events should be displayed on notice boards around the site.

4.2 HSE Award

CONTRACTOR shall provide the following HSE Award Program for the project, it will be recommended by the Head Office HSE Team through thorough evaluation of each HSE performance and achievements. Certificate will be signed by CONTRACTOR Chief Executive Officer;

Awards for achieving Safety Milestone Targets Achievement (applied to Project Team)

- First 1,000,000 man-hours worked without LTI
- First 2,000,000 man-hours worked without LTI
- First 3,000,000 man-hours worked without LTI
- First 5,000,000 man-hours worked without LTI
- First 7,000,000 man-hours worked without LTI
- First 10,000,000 man-hours worked without LTI
- First 15,000,000 man-hours worked without LTI

Note: "First" means that in any case any target can be rewarded only one time during the project execution; if for instance an LTI occurs after 1,050,000 man-hours worked without LTI, the count shall restart from 0 and the next target is 2,000,000 man-hours worked without LTI because the target of 1,000,000 have been already rewarded.

1. Awards for Safety Champion (applied to Project Manager)
2. Awards for yearly HSE Appraisal (applied to Project Team)
3. Awards to be given after completing the project without any Lost Time Injury Case.

4.3 Project HSE Incentives

The following HSE Incentives scheme can be adopted in promoting safety awareness and recognition at project. Prizes / certificates shall be awarded by project management to winners on a monthly basis:

1. Safety employees of the Month - given to workers who are chosen by HSE section based on their HSE compliance and cooperation. The worker shall be nominated from each department. One employee will be selected from each section or as per ratio of section's manpower.

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2. Best Safety Supervision of the Month – given to supervisor (foreman, supervisor, and engineer or manager level) who shows an exemplary attitude towards safety, by leading his crew to a safe working attitude, providing proper PPE & others equipment; comply with HSE rules & regulations and setting Leadership by Example. The supervisor shall be nominated by each department and will be evaluated by HSE section.
3. Best Section of the Month - given to section that has shown overall safety compliance and support to HSE program. HSE section shall select the Best Section of the Month through daily assessment submitted by HSE personnel regarding the section HSE performance and this will be tallied every end of the month. This scheme is recommended for a big project with multi-discipline section.
4. On the Spot HSE Recognition – especial award will be given on the spot to individual or a group who shows an extra ordinary safety attitudes or performance. The action should have a very positive impact in the implementation of the HSE programs.

4.4 Promoting Near Miss Reporting

A Nearmiss is an event that signals a system weakness that if not remedied could lead to significant consequences in future. As such a near miss can be seen both an opportunity to improve safety practice based on a condition and an incident with a potential for more serious consequence.

In this context “an incident” or “condition” is anything that is witnessed and needs to be addressed to correct/eliminate a potential to cause harm. By this definition a wide variety of occurrence are defined as near miss.

These include:

- Unsafe conditions
- Unsafe acts
- Any incidents regardless of their consequences
- Events where a safety barrier was challenged
- Events where a process safety function was challenged
- Events where potential environmental damage could result

All employees will be informed and trained, starting with the HSE Induction session at the arrival on site, to report to their foreman and supervisor all near misses they might witness.

4.5 Advertising

All the activities related to the HSE award and project HSE incentive program will be reported and publicised to all employees at project through HSE Bulletin Board, HSE Newsletter and Periodical Safety Flyer etc.

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5. HSE DISCIPLINARY ACTION

CONTRACTOR will take appropriate actions against anyone who breaches relevant HSE rules and procedures while on the project site. The project site includes worksite, temporary facilities, and buses and trucks used for transporting personnel and equipment. The project team shall establish its HSE Disciplinary Action Policy based on this procedure but not limited to.

Any employee condoning, supporting or instructing any employee to commit an unsafe act, work in an unsafe condition or work with unsafe equipment will attract disciplinary action up to and including termination.

Violators will be issued verbal or written citations by supervisors, HSE department personnel or management personnel. These citations are intended to make the employee more safety conscious and prevent subsequent injury to self or fellow employees, or damage to property due to negligence or careless acts.

Employees that continuously ignore or disregard the Projects' safety requirements will be disciplined in the following manner.

- | | |
|--|---------------------|
| 1. Blatant Disregard for Project Tie-Off Policy | - Instant Dismissal |
| 2. Unauthorized Removal of a Danger Tag or Lock | - Instant Dismissal |
| 3. Unauthorized Removal of an Out of Service tag | - Instant Dismissal |
| 4. Smoking in an Operational or Commissioning Area | - Instant Dismissal |
| 5. Fighting | - Instant Dismissal |
| 6. Consuming or Bringing Alcohol/Drugs on the site | - Instant Dismissal |
| 7. Horseplay that can endanger person or property | - Instant Dismissal |
| 8. Unauthorized Alteration to scaffolding | - Instant Dismissal |
| 9. Stealing | - Instant Dismissal |
| 10. Assault | - Instant Dismissal |

Non Compliance with Project Safety Standards

- | | |
|-------------------|--|
| 1. First Offence | - Documented Verbal Warning |
| 2. Second Offence | - Written Warning |
| 3. Third Offence | - Suspension from the Project and Final Warning Letter |
| 4. Fourth Offence | - Permanent removal from the Project |

Any employee committing the fourth offence for safety throughout the project will be subject to termination.

A person could be removed from the Project on the 1st and 2nd offence depending upon the severity and nature of the offence and/or the attitude expressed by the employee at the discretion of management.

Records of safety violations will be kept in file with the employee's personal records for the project. These records of safety violations will be given a weigh during re-hiring or re-assignment of employee.

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6. ATTACHMENT

Attachment 1: Guideline for Disciplinary Action

Disciplinary Table

Discipline on Incident

Incident Type	PIC	1 st Occurrence	2 nd Occurrence	3 rd Occurrence	4 th Occurrence
FAC	IP Supervisor	Verbal Warning	Written Warning	3 days Suspension	Termination
MTC	IP Supervisor	Verbal Warning	Written Warning	5 days Suspension	Termination
RWC	IP Supervisor	Written Warning	5 days Suspension	Termination	
LWC	IP Supervisor	Termination			
Fatality	Supervisor	Termination			
PD1 PD2	PIC	Verbal Warning Written Warning	Written Warning 3 Days Suspension	3 days Suspension Termination	Termination
MVA	PIC	Written Warning Internal DD	3 days Suspension 3 rd Party DD	Termination	
PD 1 & PD2 from MVA	PIC	Verbal Warning Written Warning	Written Warning 3 Days Suspension	3 days Suspension Termination	Termination
Fire Incident 1 & 2	PIC	3 days Suspension Termination	Termination		
Environ. Incident 1 & 2 &3	PIC	Verbal Warning Written Warning Termination	Written Warning 3 Days Suspension	3 days Suspension Termination	Termination

Note:

1. IP (Injured Person), PIC (Person In Charge)
2. PD (Property Damage), PD1 (Less than AED3,000), PD2 (More than AED3,000)
3. DD (Defensive Driving Training)
4. Fire Incident 1 (Less than USD50,000), Fire Incident 2 (More than USD50,000)
5. Environmental Incident 1 (Less than 25 gallon Spill), Environmental Incident 2(25-100gallon spill), Environmental Incident 3(More than 100 gallon spill)

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Non-Compliance with HSE Procedures, Instructions, Standards, Rules

A. Immediate Dismissal

SEC	VIOLATION	1 st Offence	2 nd Offence	3 rd Offence	4 th Offence
1.0	Failure to adhere to 100% tie-off for all work at heights	Termination			
2.0	Unauthorized Removal of a Danger Tag or Lock	Termination			
3.0	Unauthorized Removal of an Out of Service tag	Termination			
4.0	Smoking in an Operational or Commissioning Area	Termination			
5.0	Fighting, Assault, Stealing (or any other criminal activities)	Termination			
6.0	Consuming or Bringing Alcohol/Drugs on the site	Termination			
7.0	Horseplay that can endanger a person or property	Termination			
8.0	Unauthorized alteration of scaffolding, working on red tagged or incomplete scaffold, moving mobile scaffold with persons thereon.	Termination			
9.0	Removing of any gratings, the cover of manholes and other raised floor openings without barricades & obtaining permit from Contractor.	Termination			
10.0	Violating any Construction Safety Permit.	Termination			
11.0	Reckless and negligent driving	Termination			

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12.0	Exceeding the maximum speed limit on site roads (travelling faster than 70 km/h or double the speed limit, whichever is exceeded first)	Termination			
13.0	Unauthorised Removal, and or damaging any safety signs.	Termination			
14.0	Unauthorized use of fire protection equipment other than its primary purpose	Termination			
15.0	Driving or operating equipment on site without valid UAE licence	Termination			
16.0	Refusal to take drug & alcohol test by driver	Termination			

B. HSE Policy, Rules, Procedures

17.0	Failure to observe a Safety Procedure or law (DEC, ADNOC, UAE law)	Verbal warning. Training on return to work	Written warning. Training on return to work	Suspension - 3 days. Final written warning	
18.0	Failure to immediately report an accident by company representative.	Written warning. Training on return to work	Suspension – 3 days. Training on return to work	Termination	
19.0	Disobey instructions or orders of HSE personnel	Suspension – 3 days. Training on return to work	Termination		
20.0	Late submission of near miss or initial incident investigation reports (outside the allotted 24 hours after occurrence of event). Late submission of HSE Concerns after weekly hand-in deadline.	Documented verbal warning	Written warning.	Suspension - 3 days. Final written warning	

C. PPE

21.0	Failure to use or wear minimum prescribed mandatory personal protective equipment (e.g. safety helmet, safety glasses, safety shoes) as well as specific PPE for specialised tasks as required (full body harness while working at height)	Verbal warning. Training on return to work	Written warning. Training on return to work	Suspension – 3 days. Final written warning	
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D. Traffic

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22.0	Failure to immediately report an accident by company representative.	Written warning. Training on return to work	Suspension – 3 days. Training on return to work	Termination	
23.0	Disobey instructions or orders of HSE personnel	Suspension – 3 days. Training on return to work	Termination		
24.0	Exceeding speed Limit				
	- Exceeding speed limit between 10-29 km/h	Written warning. Internal DD	Suspension - 3 days. 3 rd Party DD	Termination	
	- Double the speed limit or 70 km/h, whichever is exceeded first	Termination			
25.0	Not wearing seat belt while travelling in vehicle on site (included passenger)	Written warning. Training on return to work	Suspension – 3 days. Training on return to work	Termination	
26.0	Using the mobile phone while driving	Written warning. Training on return to work	Termination		
27.0	Non observance of road traffic rules/signs (NO STOP)	Suspension – 3 days. Training on return to work	Termination		
28.0	Excess passengers in a vehicle	Written warning. Training on return to work	Suspension – 3 days. Training on return to work	Termination	
29.0	Non reporting of traffic accident	Suspension - 3 days. Training on return to work	Termination		
30.0	Traffic violation within 2hrs after occurrence	Suspension - 3 days. Training on return to work	Termination		
31.0	Not parking in reverse in designated areas as indicated by signage	Documented verbal warning	Written warning. Training on return to work	Suspension – 3 days. Final written warning	

E. FIRE , OTHERS

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32.0	Smoking in a NON designated smoking area.	Verbal warning. Training on return to work	Written warning. Training on return to work	Suspension - 3 days. Final written warning	
33.0	LMI override key must be kept in the Senior Authorized person's office or someone of his choosing within a managers role	Suspension - 3 days. Training on return to work	Termination		
34.0	Unsafe/improper rigging or lifting practices employed (e.g.: Lifting with equipment not certified for such activities i.e. JCB bucket, chains; no tag lines in use etc.)	Suspension - 3 days. Training on return to work	Termination		
35.0	Use of improper/unsafe access or short cuts to work site or job area	Documented verbal warning	Written warning.	Suspension - 3 days. Final written warning	
36.0	Consuming food or sleeping on site	Verbal warning. Training on return to work	Written warning. Training on return to work	Suspension - 3 days. Final written warning	
37.0	Noncompliance with the mandatory training modules	Verbal warning. Training on return to work	Written warning. Training on return to work	Suspension - 3 days. Final written warning	

Note.

1. Depending on the severity of an offence, degree of culpability, record of employee and other factors, an employee may be awarded a penalty one or two steps higher than penalties prescribed above provided that the same is approved jointly by the HSE Manager and the Construction Manager. In fairness, however, mitigating factors can be used to offset aggravating circumstances in order to arrive at an appropriate penalty.
2. It is possible for an employee to have accumulated various disciplinary penalties for different offences within a twelve month period. When this occurs, the following shall be considered:
 - a. An employee who has a personal record of two (2) previous suspensions shall be terminated for any offence he subsequently commits twelve (12) months from the date his last suspension took effect.
 - b. An employee who has been previously issued four (4) written warnings shall be terminated for any offence he subsequently commits twelve (12) months from the date his first written warning was issued.
3. Penalty for subsequent offence(s) should not be lighter than the penalty imposed for the immediate preceding offence. In other words, penalties issued on the last disciplinary form must carry on with the next step in the warning procedure table of severity.
4. This disciplinary procedure will be amended accordingly whenever there has been an oversight of any safety violations. It will be updated to stay current according to all site hazards and any serious injuries, so becoming proactive in curbing all unsafe acts and conditions human behaviours.

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5. In some cases, such as the most severe offenses and termination as disciplinary action, it shall be reviewed by Site Disciplinary Committee.
6. All three (3) day suspensions issued to violators will be unpaid days for which they may not claim any sort of compensation, monetary or otherwise.

3.3 SITE DISCIPLINARY COMMITTEE

3.3.1 Committee Members

The SITE Disciplinary committee should consist of the following:

1. DEC HSE Manager, HSE personnel
2. DEC Construction Manager
3. DEC Section Manager
4. Witness of the observation, if any

3.3.2 General

- SITE Disciplinary Committee will be held at the request of the Construction Manager and HSE Manager.
- Committee meetings and activities shall be minuted
- SITE Disciplinary Committee discussions will be in regards to disciplinary action, particularly termination
- SITE Disciplinary Committee shall;
 - Identify information of an offense
 - Evaluate and review (Severity, Culpability)
 - Decision and notice