

Managing Contractors HSE

*Majlis Dialog - OSH Guideline on Contractor Management
21 October 2014*

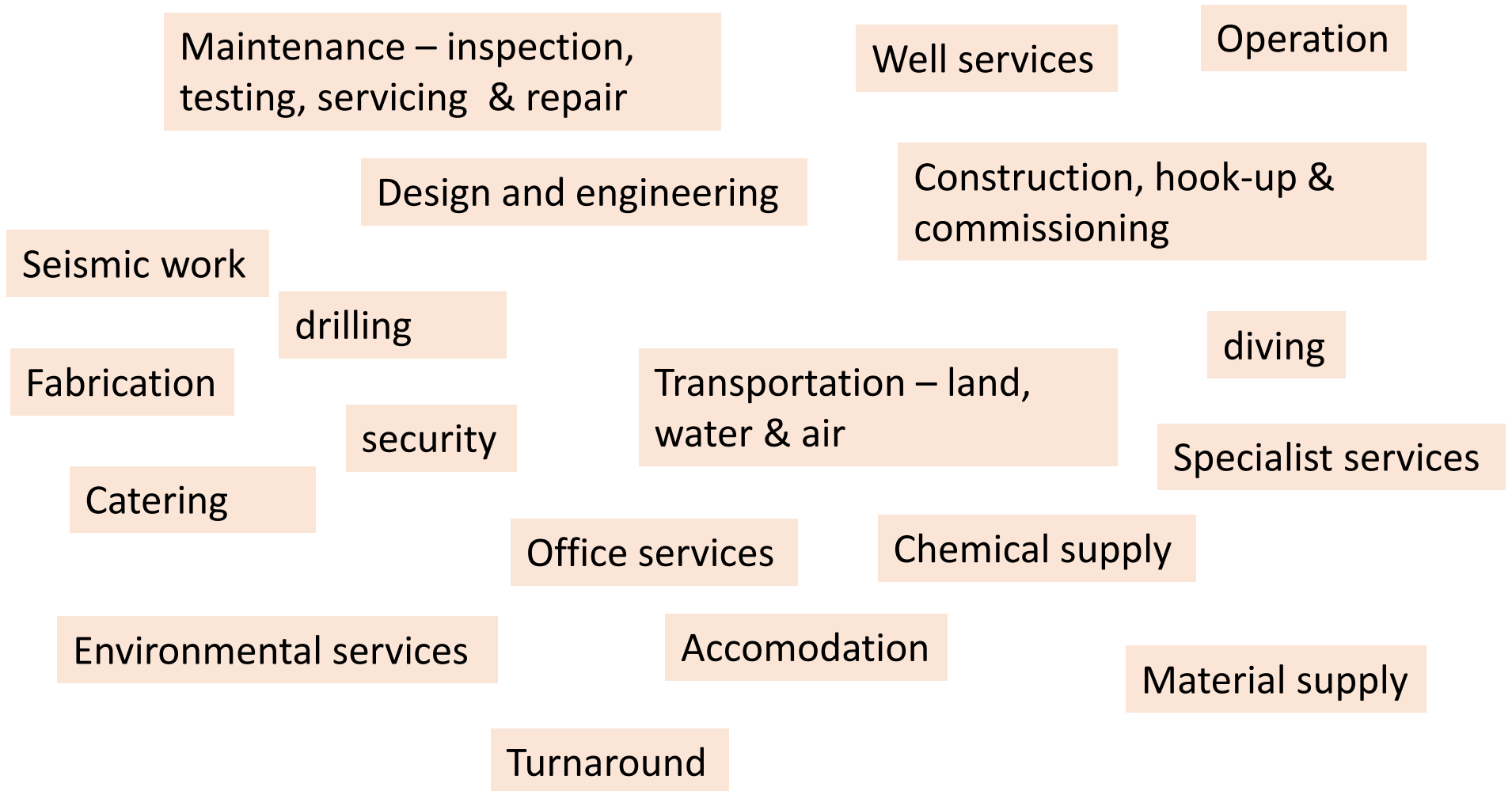
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Objective

To share systems and practices on Contractors Management –
PETRONAS Perspective

Introduction

Examples of services contracted out to third parties



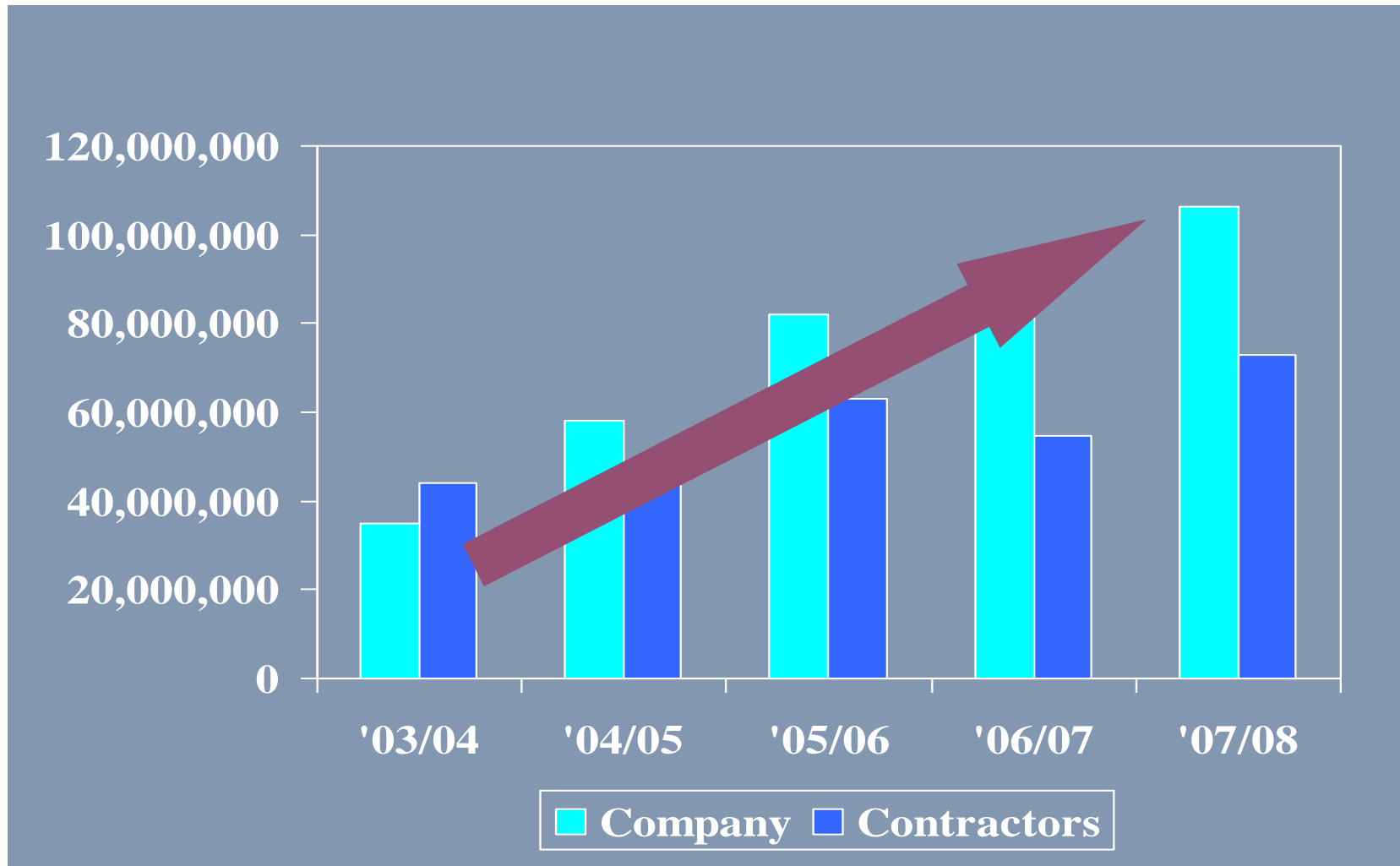
Introduction

Definition of Contractor - PETRONAS Perspective

A party which has entered into a legal contract to supply services or materials to the Company. The term is also usually applied to suppliers who provide materials or services but are not in a contractual relationship with the company

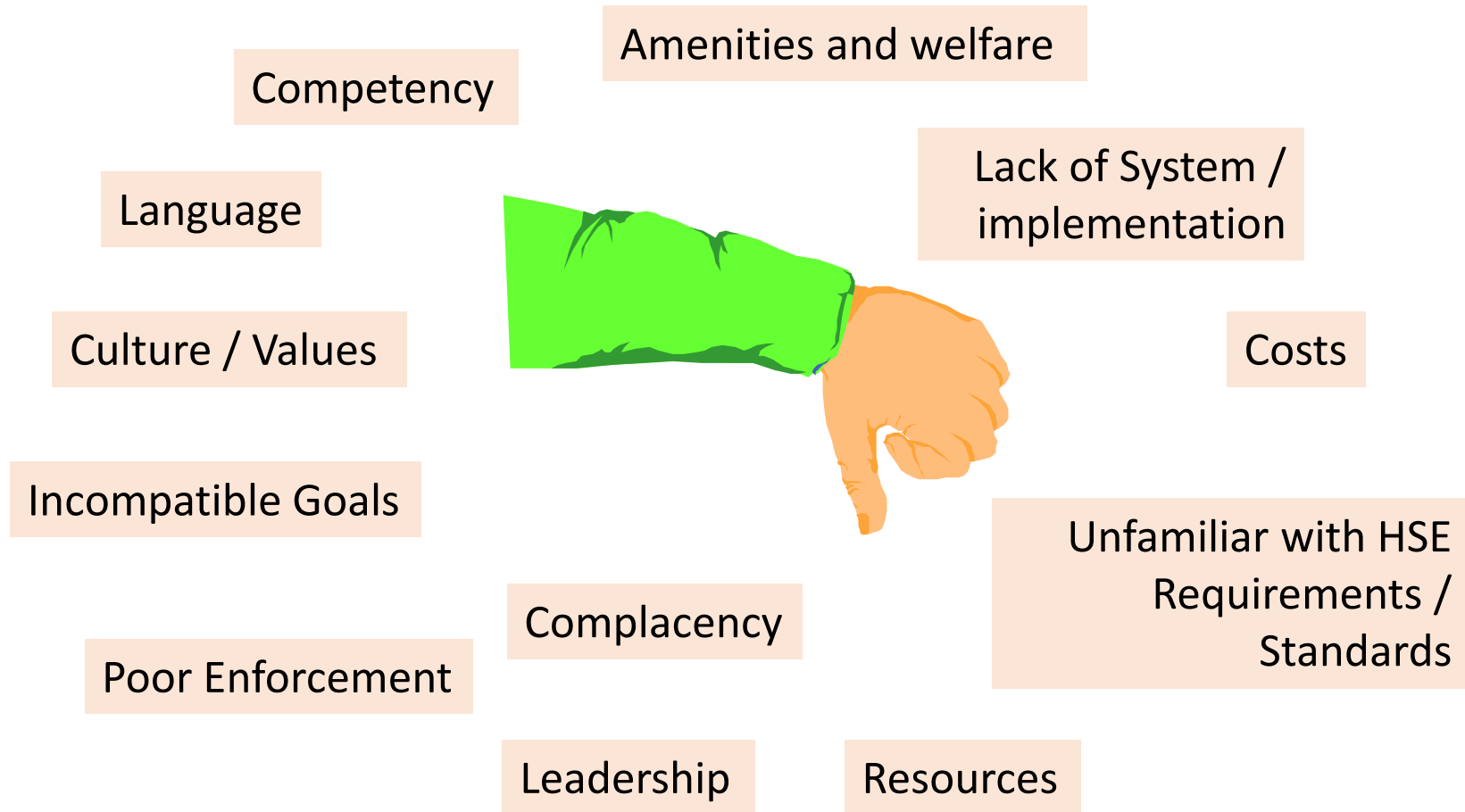
Introduction

Increasing trend of manhours exposure from Contractors



Introduction

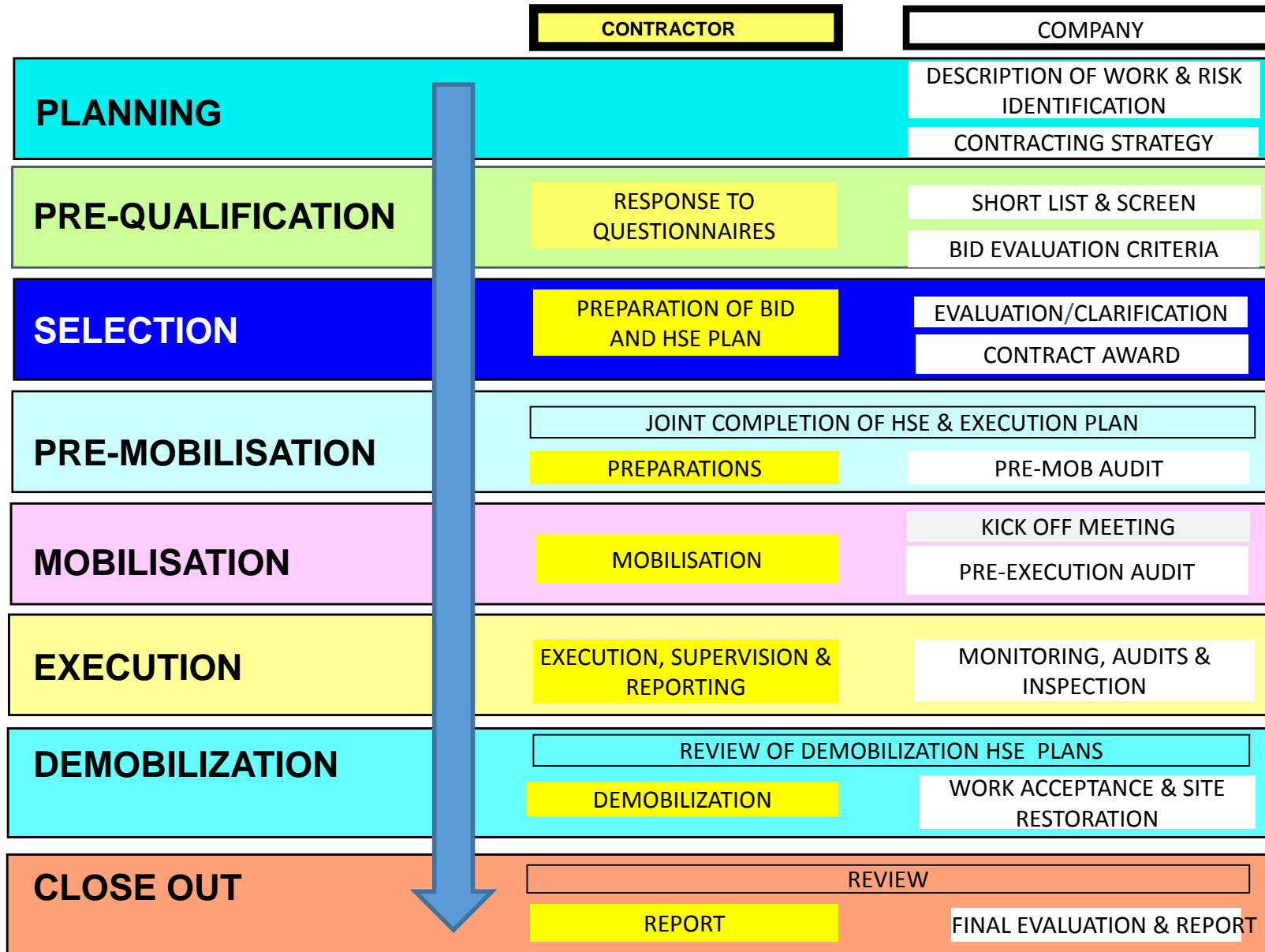
Challenges, hence the need for effective management of contractors



Contractors management program and requirements are addressed in

- HSE Management system (HSEMS)
- HSE Mandatory Control Framework (MCF)
- Technical Standards on Contractor Management
- Competency Development for HSE practitioners
 - Embedment in Technology Inventory and Assessment
 - Training Module
- Communication - Contractor HSE Forum
- Audit and Assurance

Contractors Management System & Processes



Contractors Management System & Processes

1. Planning

2. Pre-qualification
3. Selection
4. Pre-mobilisation
5. Mobilisation
6. Execution
7. De-mobilisation
8. Evaluation and Close-out

Contractors Management System & Processes

Planning

- Determine the Scope of Work
- Assess HSE risks associated with the work
- Determine *contracting strategy*
- Determine HSE requirements and standards for contract
- Prepare HSE related documents for inclusion in Invitation to Bid (ITB) Package
- Assign appropriate HSE milestones and hold points

Contractors Management System & Processes

Planning

Examples of Contracting Strategy

Mode 1	Mode 2
<ul style="list-style-type: none">• Contractor provide people and tools for the execution of work under the supervision, instructions and HSEMS of the COMPANY requirements• Contractor's HSEMS to provide assurance that the personnel are qualified and and the tools and machineries are properly maintained and suitable for the job	<ul style="list-style-type: none">• The contractor executes all aspects of the job under its own HSEMS, provides the necessary instructions and supervision and verifies the proper functioning of its HSEMS.• The COMPANY is responsible for verifying the overall effectiveness of the HSE management controls and assuring the contractor's HSE MS is compatible with the COMPANY's HSEMS

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Contractors Management System & Processes

Pre-Qualification

To ensure that only Contractors meeting the HSE criteria are shortlisted to participate in the bidding exercise

Method

- **Standard QUESTIONNAIRE**
 - To assess the extent to which a HSE management system has been developed and being implemented by the contractor
 - Availability of HSE competent personnel
- **Previous HSE performance (3 years)**

To evaluate the Contractors HSE record e.g. Fatality, LTIF, TRCF, Regulatory Non-compliance

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Contractors Management System & Processes

Selection

Invitation to Bid (ITB)

- To invite only HSE pre-qualified bidders
- ITB contains
 - *Standard HSE Clauses*
 - HSE requirements specific to the project
 - Company HSE goals and objective
 - Company HSE MS requirements
 - Scope of HSE Plan
 - List of HSE control procedures
 - Emergency response
 - Training requirement for contractor personnel
 - Any mandatory HSE requirement
 - Linkage HSE milestones to progress payment

Technical Evaluation

Contractors Management System & Processes

Selection

Standard HSE Contract Terms and Conditions

- Competence assurance (legislative requirements and other high risk job)
- Management of change
- Emission and Waste Management
- Sensitivity of work location
- Requirement for site restoration
- Reporting requirements
- Hazardous materials and chemicals management
- Alcohol and drug testing policy
- Medical and Occupational Health policy
- Emergency and Security Management
- Prohibited work practices

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Contractors Management System & Processes

Pre-Mobilisation

Kick-off Meeting

- Communication of relevant HSE aspects of the contract to the Contractor
 - Company's HSE policy, basic HSE rules and procedures etc
 - Project Organisation
 - Site visit
 - Review of major hazards
 - Confirmation of HSE Plan
 - HSE performance objectives and target
 - Scope and schedule of HSE activities
 - Emergency Response Plan
 - Sub-contractor roles and responsibilities
 - Incident reporting and investigation procedures
 - HSE training and induction requirement

Pre-mobilization Audit : Check readiness of equipment, procedures, equipment etc

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Contractors Management System & Processes

Mobilisation

- Communication of approved HSE Plan to all personnel (including sub-contractors)
- HSE Induction and Specific Trainings
- Revision of HSE Plan incorporating relevant lesson-learnt during mobilisation
- Contract Holder to ensure
 - Mobilisation of personnel and equipment
 - Finalisation of project HSE Plan
 - Close-out of pre-mobilisation audit findings
 - Conduct drill on emergency procedure
 - Mobilisation audit – to verify milestone for first payment

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Contractors Management System & Processes

Work Execution

Contractors Roles

- Line management commitment to HSE issues
- Compliance with HSE requirements in the contract and HSE plan
- Identification and mitigation of hazards associated with the activities
- Internal HSE control system
- Incident and UAUC notification and reporting
- Monitoring of the quality, condition and integrity of tool/equipment
- Tool box / pre-job meetings

Contract Holder/site representative Roles

- Work site HSE committee meeting
- Emergency exercises and drills
- Major incidents investigation
- Supervision of contractor performance and compliance to HSE
- HSE inspections, audits and closure of findings
- Competency assurance for high risk job
- Training of Contractor's personnel

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Contractors Management System & Processes

De-Mobilisation

- Identify the hazards associated with de-mobilisation and identify and implement controls to minimise the risks.
- Ensure proper site restoration, including waste management and disposal.
- Ensure the organisational structure is adequate to complete demobilisation safely.

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Contractors Management System & Processes

Evaluation & Close-Out

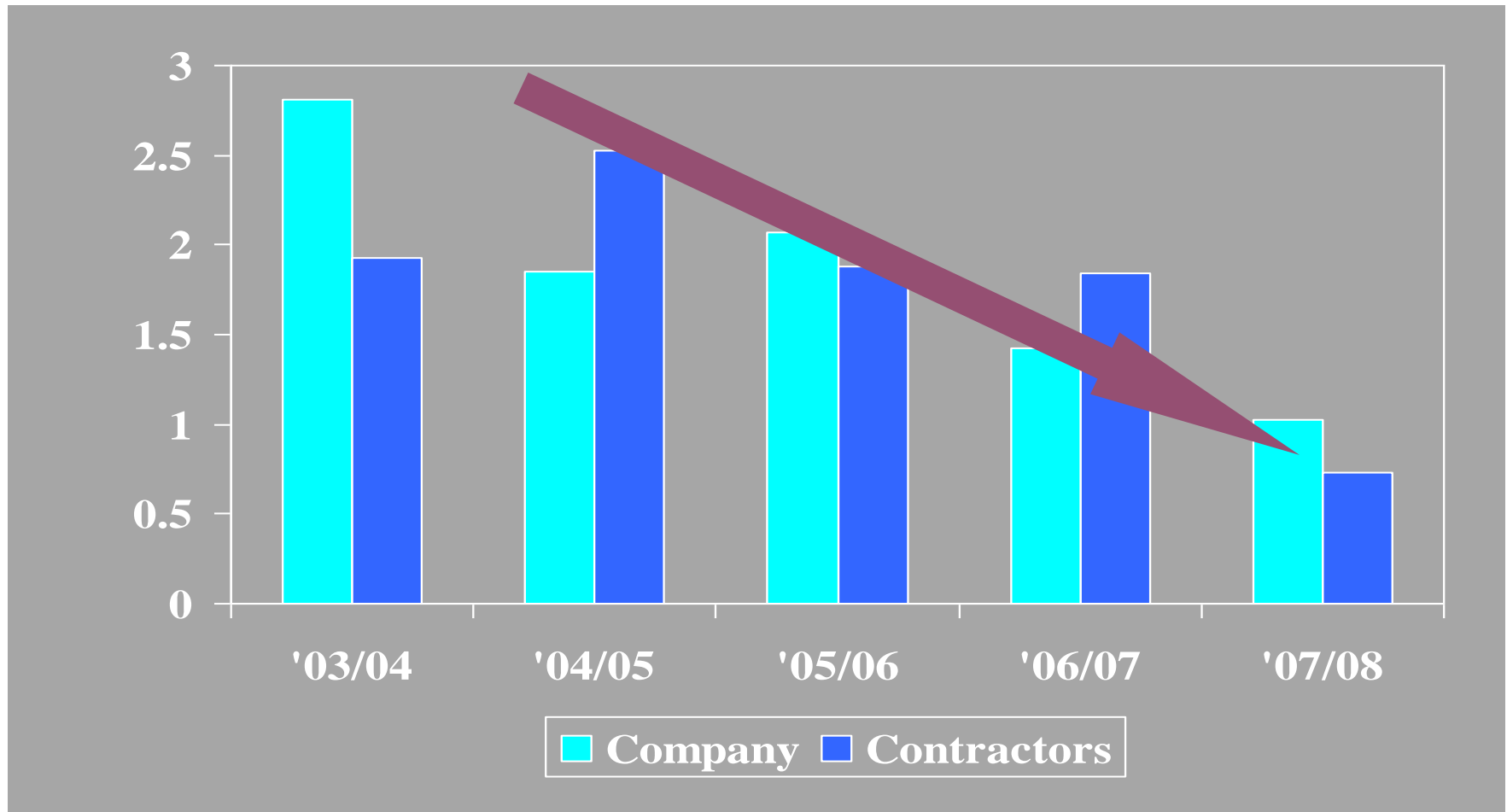
Objectives

- Ensure all lessons learnt are formally documented and communicated to relevant parties.
- Under take overall assessment of contractor HSE performance highlighting best practices and areas for improvement.
- Ensure HSE close out report is included in the Final Project Close-out Report for **future reference**

Contents of Close Out Report on HSE

- Assessment of effectiveness of project HSE Plan
- Contractor's HSE performance
- Best practices and lessons learnt.

Results from Contractor HSE Management Program – Improvement in TRCF Record



Common Issues

- Subcontracting
- Manpower Change / Turnover
- Training and competency
- Inconsistent work procedure/instruction
- Impractical HSEMS by contractors – not fit for purposes

Trend in Managing Contractor HSE

Past ; Monitor contractor's HSE activity after contract award – reactive approach

Present ; Impose contractor selection criteria (more HSE activities during earlier phase of tender evaluation and mobilisation) - proactive approach

Future ; Share common HSE objectives between company and contractor - Partnering approach

End