International Association of Oil & Gas Producers

REPORT 423 | APRIL 2017

HSE management – guidelines for working together in a contract environment

Acknowledgements

The IOGP Safety Committee is acknowledged for sponsoring development of this important industry guidance document revision.

Various other trade associations besides IOGP have participated in development of this and prior versions.

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HSE management – guidelines for working together in a contract environment

Revision history

VERSION	DATE	AMENDMENTS
3.0	April 2017	See Foreword
2.0	June 2010	As Report 423
1.0	September 1999	As Report 6.64/291

Contents

Foreword

Since the previous version of this report was published in 2010, management systems in the industry have evolved. This is reflected in the IOGP Report 510, *Operating Management System Framework for controlling risk and delivering high performance in the oil and gas industry.*

One primary change has been an increased emphasis on risk management throughout the contract life cycle. This includes assessing risk levels early in the contracting process to determine which management system should be selected to govern the work.

In addition, there is better definition of:

- assurance mechanisms such as verifying barriers and controls
- interfacing between client and contractor HSE-Management Systems (HSE-MSs).

Since the previous release of this report, the ratio of contractor hours to client hours has continued to increase significantly. Figure 1 shows the pattern of client and contractor hours reported to IOGP from 1985 to 2015.

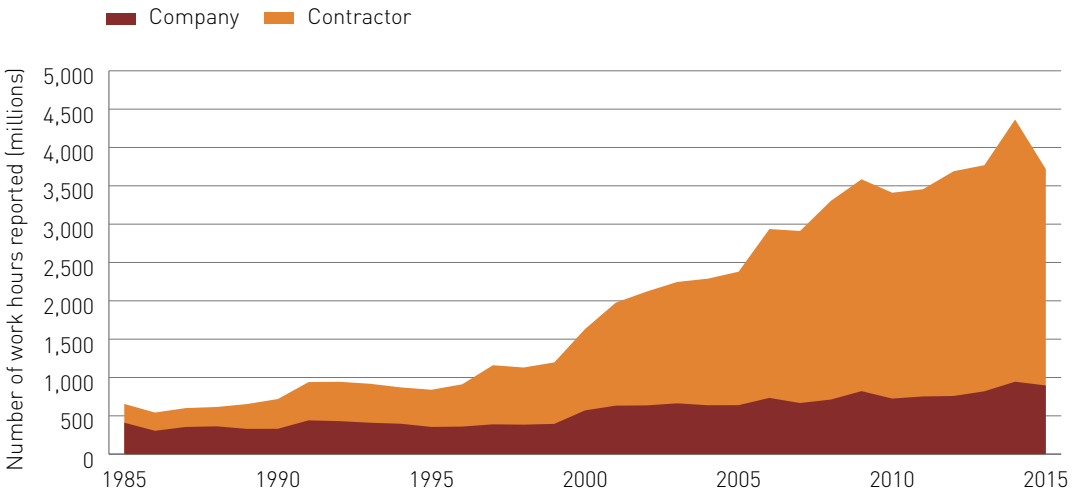


Figure 1: Oil and gas company and contractor work hours reported to IOGP (1985-2015)

Scope

This report describes a process by which clients can:

- select suitable contractors
- set out expectations and requirements
- award contracts
- manage all the phases of the contracting process

with a view to improving client and contractor management of HSE risks for contracted activities.

This report is primarily aimed at those responsible for contracting out activities, the personnel responsible for the planning of operations involving contractors, and those responsible for the operational oversight of contractors and their employees.

This report is applicable to both the client oil and gas companies in their contractual relationships with their contractors, and is also applicable to contractor companies in their contractual relationships with their contractors (i.e. subcontractors to the oil and gas companies).

It establishes a structured approach to control HSE risk in a contract environment, enabling improved HSE Risk management and overall performance by:

- providing clients and contractors with an effective and common risk-based process for the management of HSE risks in a contract environment, so that both the client and contractor can dedicate appropriate resources to controlling risk and delivering high HSE performance
- ensuring the contractor's Operating Management System (OMS) is suitable for the scope of work and the type and level of risk inherent to their services
- addressing and agreeing upon the limits of applicability of client, contractor's and other supplier's OMSs, thus facilitating the bridging of the contractor's management system with those of the client, other contractors and suppliers
- ensuring incorporation of specific health, safety, security, environmental and social responsibility criteria applicable to the contract
- defining assurance mechanisms that facilitate effective management of risk controls and barriers and that ensure client and contractor requirements are met.

This report describes objectives, key activities and risk mitigating actions for **eight phases** of the contracting process, and the associated HSE tasks and responsibilities of client and contractors. It begins with Phase One: Planning and ends in Phase Eight: Final evaluation & close-out, with the transfer of learnings (a key aspect of continuous improvement) in the final phase.

For continuity with previous versions of this report and for brevity, in this document the term **HSE** covers the expanded definition of health and safety, security, social responsibility (including human rights) and environment.

HSE-MS includes the management system areas: health and safety, security, social responsibility (including human rights) and environment, which are part of an integrated Operating Management System (OMS).

In this context, "operating" applies to every type of upstream or downstream company activity, from construction to decommissioning, throughout the entire value chain and life cycle of the business and its products.

While HSE aspects are important in the development of a contract strategy, this report does not cover the many other aspects of the purchasing or supply chain process itself, or any technical activities related to the scope of work, nor does it take precedence over local, legal or country requirements. The reader should critically evaluate – and adapt where necessary – this report against particular activities and take into account the range of risks and opportunities associated with the contracted activity.

An overview of accountabilities and responsibilities is given in Appendix A.

A short glossary is provided.

Tools that support this process are available as supplements to this report:

- Report 423-01, *Contractor HSE capability assessment and scoring system – Supplement to Report 423*
- Report 423-02, *Guide to preparing HSE plans and Bridging documents – Supplement to Report 423.*

The IOGP HSE report hierarchy and a full list of documents that support this report are provided in the References.

Contractor management and OMS Fundamentals

This report recognizes the importance of the four Operating Management System (OMS) Fundamentals for working together in the contract environment.

They are the key management principles and arguably the most influential success factors of an OMS:

- Leadership
- Risk management
- Continuous improvement
- Implementation.

The four OMS Fundamentals are described in IOGP Report 510, *Operating Management System Framework for controlling risk and delivering high performance in the oil and gas industry.*

A full list of IOGP reports and other guidance documents that support the OMS Fundamentals is provided in the References.

Leadership

There are several key leadership actions that should be taken during the various phases of the contracting process.

Leaders from both the client and contractor organizations should:

- communicate clearly the HSE-MS expectations and accountabilities, including any delegated responsibilities
  - from client to contractors
  - within contractor organization
  - between client and interfacing contracted parties
  - to subcontractors
- attend pre-mobilization meetings to kick-off a contract
- be visible and accessible to the work force
- participate in site visits, and challenge the performance of risk controls and barriers
- recognize and reward positive behaviour, or intervene and address behaviour that does not meet expectations
- participate in contractor/supplier relationship meetings and discuss progress and performance in the delivery of the contractual scope of work.

Risk management

The oil and gas industry has hazards, risks and opportunities that are inherent to its assets, activities, operational locations and products. Using a standardized approach to risk management, as described in IOGP Report 510, has the advantage of accounting for the different sources and types of risk found in both client and contractor activities.

Before entering into a contract and starting any operation or project activities, it is important to establish the context and assess the risks (see section 1.2). There should be a clear understanding of the technical objectives, scale of operations, geographic location and timeframe. All potential consequences – beneficial and adverse – should be assessed in terms of hazards, effects, aspects or threats, and the likelihood and potential severity of a consequence used to assess the level of risk.

The risk profile from the initial assessment of the proposed contractual scope of work is used to broadly determine the HSE-MSs needed to control the risks. The sources and risks identified may be updated in later phases following these activities to ensure the risk profile is up to date.

Clients and contractors should both have robust assurance mechanisms in place. An assurance mechanism is an activity, process or action (such as an audit or verification activity) that provides confidence and confirmation that an HSE-MS (or any part of an HSE-MS) is achieving its purpose and expected performance. The type and degree to which assurance mechanisms are implemented during each phase will vary based on the HSE-MSs governing the work (client, contractor, or a combination as described in terms of *contract modes* in section 2.3), the risks associated with the work, and the risk tolerance of the individual client company.

Continuous improvement

The Plan–Do–Check–Act cycle for continuous improvement should be used when designing assurance mechanisms for each phase. Verification, monitoring and audits as described in the Phase Six: Execution provide the best opportunities to continuously improve contract delivery.

In addition, much of the guidance provided in Phase Eight: Final Evaluation & Close-out centres around performance review meetings, final reports, capturing lessons learned and sharing the lessons, etc. and are key aspects of continuous improvement.

Implementation

Effective implementation of the defined scope of work, including meeting the client HSE requirements, is the ultimate goal of the contracted activity. This requires that this guide be implemented company-wide so that appropriate, effective risk controls are consistently applied, regardless of the contracted scope of work.

Policies, standards, processes and procedures that make up the client HSE requirements, including the HSE plan and associated documents, are key to implementing the selected controls for the scope of work. These should be clearly defined, documented and well communicated across both the client and contractor organizations.

Effective implementation needs a disciplined and capable workforce, with a shared commitment to carry out the work safely, responsibly, reliably and in conformance with the plans and procedures developed during the implementation of this guide. Responsibilities, accountabilities and authorities need to be maintained to effectively implement the requirements of the contract.

Phases of a contracting process

An overview of the typical phases of a contracting process are shown in Figure 2.

The phases match the sections of this report. Tasks and responsibilities are shown with a clear distinction between the client and contractor(s).

Phases of the contracting process

Joint Client / Contractor activities		
Client	**Contractor**	
1 - Planning		
Scope of work / context & risk assessment		
2 - Sourcing / capability assessment		
Establish HSE evaluation criteria and capability assessment protocol	Contractors responds to HSE capability assessment questionnaire and if requested HSE audits	DATA BASE of Suppliers Historical record Prior registration New contractors
Capability assessment		
Contracting mode		
Create tender list		
3 - Tender and award		
Bid documentation preparation & development of evaluation criteria	Contractor submits bid, including draft key HSE documentation	
Bid documents evaluation and clarification	Ensures subcontractors aligned with HSE requirements	
Award contract	HSE Plan including remedial actions as agreed	
4 - Pre-mobilisation		
Post award planning, including completion of HSE plan including verification plan and bridging documentation if applicable		
Development of monitoring plan (modes 1 & 2)	Preparation & selection of subcontractors	
5 - Mobilisation		
Communication of HSE plan - commence orientation & site-specific training		
HSE field review or audit	Mobilisation including subcontractors	
6 - Execution		
Joint responsibility for continuous improvement		
Deliver monitoring plan (modes 1 & 2) & performance reporting	Deliver HSE including verification plan & performance reporting	
	Monitoring, audits and reporting on subcontractors activities	
7 - De-mobilisation		
Review of de-mobilisation aspects of HSE plan / Reassess de-mobilisation risks		
Acceptance of work and restored site	De-mobilisation, including subcontractors	
8 - Final evaluation & close-out		
Review		
Final evaluation and close-out report	Final evaluation and close-out report	DATA BASE of Suppliers

Figure 2: Overview of the phases of a contracting process

Phase One: Planning

Objectives

To assess the HSE risks and related hazards, effect, impacts and threats associated with the scope of the contracted work and to ensure that sources and types of risk are considered in the procurement activities.

The risk assessment should be carried out in conjunction with the supply chain function and technical function and should align with the organization's overall procurement approach and plans.

1.1 Scope of work

The client is responsible for developing the contractual scope of work to be executed. The client should identify any site specific or scope related risks, including risks when multiple contractors will be working together on the same scope or site, and share these with the tenderers within the tender documentation. At times, this may include documentation in the form of design specifications, standards, drawings, etc. This documentation may contain confidential or company proprietor information which may be subject to confidentiality agreements.

Site or scope related risks may include:

- Major Accident Hazards and risk of high severity events and incidents
- context (internal and external) and complexity of the work, e.g. level of subcontracting, remote area, harsh environment, importation restrictions, political climate, security, health issues, local content considerations, human rights and social interaction
- timing and duration of the work
- experience and historical performance of the contractor
- environmental issues
- governmental or stakeholder requirements
- social and working requirements
- applicable laws and regulations
- location of the work (client's vs contractor's site)
- materials and equipment
- logistics activities
- transfer of learnings from previous bids and executed projects
- contract schedule (see section 1.3).

1.2 Initial risk assessment

The client is responsible for identifying the inherent HSE hazards, effects, impacts and threats and assessing the sources and types of risk and opportunities involved in conducting the work. This will aid both the client and later the contractor in developing risk controls/barriers to reduce risks and ensure protection of all personnel, assets, reputation and the environment.

In addition to the HSE aspects associated with the scope of work (see section 1.1), the focus of this phase should be to evaluate the likelihood and the potential adverse consequences of an event or incident.

There are a number of useful, commonly applied processes to help risk and control planning, including a matrix to support risk prioritization/acceptability and the use of Swiss Cheese or bow tie models for review of risk controls/barriers. If your organization does not have an already established risk management process, there are many standards and guides on risk management – a starting point is the current ISO 31000 standard.

Depending on the issues identified in the scope of work, more detailed impact assessments may be required for specific subject areas (using subject matter experts), e.g. for social, health, environmental or security issues.

The sources and risks identified may be updated in later phases following these activities to ensure the risk profile is up to date.

Working with multiple contractors

Where multiple contractors will be working on the same job or site, it is the clients responsibility to ensure that this is considered in the initial risk assessment and addressed then throughout the contracting phases, including in Phase Seven where a contractor may be finishing, but another starting from where they left off.

It is imperative to identify when multiple contractors will be on site at the same or when hand-off of work is required between contractors.

1.3 From risk assessment to contracting strategies

The initial risk assessment should form the basis for choosing fit-for-purpose strategies and the risk mitigating actions to be carried out during the contract phases that will follow:

- Sourcing/capability assessment, for example:
  - deciding the need for HSE capability assessments for potential contractors
  - establishing the contract mode (Phase Two) and HSE responsibilities to ensure risk mitigation and control by determining which operating management system(s) is/are best suited to managing the risks associated with the scope of work, the clients or the contractors
- Tender and award, such as when:
  - establishing bid documentation and evaluation criteria required
  - finalizing contract documentation
  - establishing follow-up/assurance strategies
- Pre-mobilization activities
- Execution activities
- De-mobilization
- Final evaluation and close-out.

Risk assessment checklists to support the initial risk and consecutive risk assessments, as needed throughout procurement process, are made available on the IOGP website Contractor Management pages. The risk assessments could lead to a better understanding for control measures choices, for example helping answer questions like: *Does this scope of work require an HSE Capability Assessment?* It is for each company to determine what HSE risks/level will trigger the risk management control measures needed during the subsequent contracting phases.

1.4 Contract schedule

A preliminary contract schedule should be developed with due consideration of the operating risk issues and deliverables involved. Attention should be given for allowing adequate time for tender document preparation, tender response, finalising the contract, pre-mobilization planning, audits, mobilization, execution and de-mobilization. This evaluation may well highlight HSE issues that require special emphasis during particular phases of the contract, and revision of the contract documentation and initial risk assessment.

1.5 Risk Management in Phase One

The following risk mitigating actions are typically applied in Phase One of the contracting process:

- Client led – Conduct an initial risk assessment for the scope of work
- Client led – Develop an initial strategy for managing the risks and activities in the sourcing/capability assessment phase.

Phase Two: Sourcing/capability assessment

Objectives

During this phase, the client establishes a list of contractors that will be invited to bid, e.g. through a competitive tendering process. This may include screening potential contractors and their HSE-MSs to establish that they have the necessary organization, values, leadership, culture, resources, capability, communication and management systems to undertake the scope of work in a safe, sustainable and responsible manner, and to identify and mitigate the associated risks.

This phase addresses the HSE related aspects of capability assessment. The client company may decide that a complete capability assessment of contractors may address other dimensions outside of HSE such as financial, technical, quality, etc.

2.1 HSE capability assessment

The need for an HSE capability assessment is determined by the scope of work, level of risk associated, whether potential contractors have been recently screened, and the requirements of the client company's procurement processes. This will have been determined in Phase One.

The questionnaire provided in Report 423-01, *Contractor HSE capability assessment and scoring system – Supplement to Report 423*, gives clients a consistent means of requesting management system information from potential contractors. Contractors should use a similar capability assessment screening process for the evaluation of their own contractors.

Conducting HSE capability assessments helps guide the client within the later phases, to clarify responsibilities, and to ensure all necessary controls needed are in place and are applied to the associated level of risk for the contract.

During the capability assessment of contractors with multiple operating entities such as divisions in several countries, solely relying on data from the contractor's global corporate organization might not be appropriate. In such a case, a two-pronged approach where information is obtained globally and verified locally may be the most desirable.

Contractors who have not previously worked for the client or those that have not been previously assessed as capable of carrying out the type of work under consideration should complete the full capability assessment and may be subjected to an HSE-MS audit.

The client may carry out an audit (or series of audits on different functions) to verify the implementation and effectiveness of the contractor's HSE-MS by the contractor's branch/office/entity/worksite that would perform the work.

Some of the risk-based considerations for performing an audit may include:

- the potential for Major Accident Hazards and risk of high severity events or incidents
- context and complexity of the work
- timing and duration of the work
- experience and historical performance of contractor
- location of the work (client's vs. contractor's site)
- Has the client approved the contractor's HSE-MS before?
- Were previous action items appropriately closed out?
- Has there been a change in the contractor's HSE-MS?
- Does the contractor have poor HSE performance?
- Have there been any organizational changes?
- Have there been any mergers or acquisitions?
- contractors venturing into a new work scope, or new region
- new contractor to the existing market
- if suitable audit protocols are available.

Prior to conducting a capability assessment, it is important to establish evaluation criteria to meet client's management system expectations. A contractor's HSE capability may be assessed based upon a scoring system method that minimizes subjective judgement, of the contractors' responses. Report 423-01, *Contractor HSE capability assessment questionnaire and scoring system – Supplement to Report 423* provides an example for such a rating system.

In addition, capability may be assessed based upon one or more of the following:

- available HSE performance data from similar work
- submission of the contractor's relevant HSE-MS information
- submission of a completed 423-01 questionnaire
- available prior capability assessment/audit and inspection information.

Performing a capability assessment, prior to tendering, is an important phase in the contracting process, for example to establish the list of contractors invited to tender. The assessment should be evaluated by suitably qualified and experienced professionals who are able to make sound judgements and decisions based on the received data. Contractors that have passed the assessment should be capable of meeting the client's minimum requirements to manage HSE aspects of the contract.

2.2 From capability assessment to tender list

During Phase Two: Sourcing/capability assessment (e.g. prior to establishing the tender list), the client should document the whole assessment process and the rationale for selection or rejection of contractors to participate in the bidding stage.

The outcome of the capability assessment is relevant for the client and its decision of the contracting mode (see section 2.3), as three modes provide options for the level of client control.

If contractor selection options are limited or restricted, such that it is necessary to consider contractor(s) who have not demonstrated sufficient HSE capability, then the risk and remedial actions – including resources and assurance mechanisms necessary to overcome the shortcomings – should be identified and incorporated in the tender documentation and evaluation criteria.

For those contractors not found to be at an acceptable level and thus not included in the tender list, a feedback mechanism should be in place to inform them why and what should be addressed in order to be considered for future work.

2.3 Management system applicability/Mode of contracting

One of the most important contract management decisions to be made by the client is to identify the responsibilities for managing HSE between client and contractor (or alliance of contractors). This may be reflected in the contract modes described in this section. The decision is based on the outcome of the risk assessment process and the capability assessment.

The contracting mode determines whose HSE-MS (client, contractor, or combination) will be used to manage the risks associated with performing the work. The contract mode decision will also help the client determine which risk controls and assurance mechanisms listed in the subsequent phases are applicable to ensure good HSE performance is maintained during the work.

Contract mode 1

The contractor provides people, processes and/or equipment for the execution of the contract under the oversight, instructions and HSE-MS of the client. The contractor has a management system to provide assurance that the personnel for whom it is responsible are qualified and fit for the work and that the processes, tools, materials and equipment they provide are properly maintained and suitable for the contract. This mode requires the contractor reports HSE performance data, including events and incidents, to the client.

Typically, this could apply to scopes of minor modification or maintenance/ turnaround work on a client owned and/or operated site.

Contract mode 2

The contractor provides people, processes, equipment and/or facilities for the execution of the contract, as a main rule, under its own HSE-MS, providing the necessary instructions and oversight and verifying the proper functioning of its HSE-MS.

This mode requires interfacing or bridging with the client's HSE-MS and also reporting HSE performance data including events and incidents to the client. The client is responsible for assuring the overall effectiveness of the HSE management controls put in place by the contractor, including its interface with subcontractors, and ensuring that both the client's and the contractor's HSE-MS are compatible.

This could apply to scopes of work on either contractor, client or third party owned/operated sites. The location will typically drive the level of interfacing and bridging required based on risk.

Contract mode 3

The contractor provides people, process, equipment, and/or facilities for the execution of the contract under its own oversight, instruction, and HSE-MS that requires no interfacing or bridging with the client's HSE-MS and is not required to report HSE performance data including events and incidents to the client. However, this does not exclude the possibility that the client may wish to guide and influence HSE performance under this type of contract; may provide product quality or environmental specifications, quality control and acceptance testing, etc.; and/or may insist that the contractor comply with a code of conduct which addresses human rights, labour rights, corruption, etc.

Typically, this could apply to scopes of work on contractor owned/operated sites or third party sites, and include examples such as:

- manufacturing of products produced for the open market, which client purchases (e.g. vehicles)
- manufacturing of components in a factory together with the manufacture of components for other customers
- construction at contractor sites shared by other customers
- delivery of good or products to client locations by a contractor who is in business to deliver to many other companies
- activities in shared port facilities, in particular the 'international' port areas before customs clearance
- activities of military or law enforcement agencies, over which client cannot exercise control.

Other Mode 3 contractors provide services that can have HSE implications to the client such that their service performance and management still require assessing prior to use and ongoing monitoring by the client.

Examples include:

- any type of non-dedicated medical services, clinic or hospital
- catering supplied vendors
- hotels and other leased housing or office space
- taxi and limousine companies
- public transport including airlines.

Examples of factors that may influence choice of mode are:

- Operations in an area where there is a limited selection of contractors able to meet the capability assessment criteria. For example, an alliance may have to be formed between the client and available contractors with the objective to develop, implement and/or improve an HSE-MS for the contractor while executing work under the management system of the client. The contract will initially operate under Mode 1, but could transition to Mode 2 once the contractor's HSE-MS has matured.
- The work is intimately associated with the activities of the client, or presents such a high risk to the client that the work is to be executed using the client's overarching HSE-MS under Mode 1.
- Operations too large or diverse for a single contractor may require a number of contractors and subcontractors (a consortium) to work together under the oversight of one lead contractor working for the client under Mode 2.
- In a situation where the contract includes work to be performed both at contractor's and client's sites, i.e. large modification/maintenance projects or development projects, a combination of Mode 1 and 2 contracts should be established to cover both client and contractor sites.
- In general, choosing Mode 3 contract would require a "No" answer to all of the following questions:
    - In case of an accident, would the client be held liable and/or client management be held accountable?
    - If, following an event or incident, the contractor or their insurance would fail to meet their obligations, would the client become liable ("end liability")?
    - Would an event or incident by the contractor be associated with, and negatively affect, the reputation of the client?
    - Would an event or incident seriously affect the client business objectives (business continuity)?
    - Is the client in any way directing the activity (other than providing product specifications)?
    - Is the activity being conducted on a site which is under the client management control?

In the case of Mode 2 contracts, the contractor's HSE-MS is primarily used but, for various reasons which may include location of the work, risks, or contractor capability, it is necessary to agree which processes will have primacy and how the interfaces and other bridging mechanisms will operate between the client and contractor HSE-MSs. Relevant gaps (including roles, responsibilities and actions) in the different participants HSE-MSs will be used to define the requirements associated with each work activity. Beyond the generic requirements as stated in the HSE-MS, it is important to also consider the identified risks as well as any site specific and any statutory or regulatory requirements within the tender documentation.

Bridging documents are needed when all or part of the scope of work is to be performed by using the contractor's OMS, on the basis that it meets the requirements of the client's OMS. Bridging between client and contractor management systems is normally only required for Mode 2 and 3 contracting, although some form of interface document may be required for Mode 1 contracting.

When working with more than one contractor, it is preferable to identify a lead contractor, this does not always mean that the other contractors have a contractual relationship to the lead contractor. Joint responsibilities should be avoided by breaking down the work into smaller identifiable activities, each with a party assigned for responsibility of the HSE aspects. Where a lead contractor cannot be assigned the client should retain responsibility.

2.4 Risk management in Phase Two

The following risk mitigating actions are typically applied in Phase Two of the contracting process:

- Client led – HSE capability assessment of potential contractors based on risk.
- Client led – Perform audits or inspections, under operational conditions if necessary, as an assurance mechanism to verify contractor's HSE-MS implementation.
- Client led – Contract mode selection.

Phase Three: Tender and award

Objectives

Include ensuring that individuals (working within a client team) cover the necessary disciplines to fully contribute to the writing of the tender documentation and establishment of evaluation criteria.

Based on the current knowledge of risks, the team should produce the tender documentation package, develop the tender evaluation criteria, to be sent to selected tenderers.

This is based on the current knowledge of risks and the capability assessments performed in Phase Two. The client will then select and recommend the preferred tenderer by assessment of tender responses as stated in the tender and the tender evaluation criteria, i.e. whether the tenderer has met the HSE and technical requirements, and how. It may be necessary to hold pre-award clarification meetings to agree any HSE related interface aspects that may be relevant to the contractual arrangements.

3.1 Risk-based tender documentation prepared by client

The client team should include:

- HSE and Supply Chain/Contracts representatives
- the future manager of the contract
- suitable technical/operational subject matter experts (as required) relevant to the scope of work.

All the individuals in the team should have clear responsibilities for developing the tender package.

In preparing the tender package, the client team finalizes the selection of the contract mode, considers the need and develops requirements for an HSE plan, and establishes risk-based HSE contract specifications (both technical and administrative). HSE tender documentation and instructions to the tenderer should then be compiled, with due attention to the following:

- Providing tenderers with copies of the client's HSE documentation relevant to the contract to allow the contractor to satisfy tender requirements in their response and provide the information necessary for the client to adequately assess the HSE aspects of the tender.

- Clearly defining special HSE provisions and, if appropriate, who is to pay for them. Any constraints on the methods of working should also be specified.
- Clearly defining any future contract requirements, such as:
  - provision for the client or any member of the work force to suspend work if the contractor does not observe the HSE requirements described in the contract
  - the contractor's responsibility for effectively communicating client HSE requirements (and any subsequent changes) to contractor and subcontractor(s) personnel and monitoring compliance with these.
- Setting the contractor's responsibility to prepare an HSE plan as outlined by the client requirements applicable for the scope of work, contracting mode, risk, etc. Clients should also identify what level of detail is expected as part of the tender response. (see section 3.3 for a general description of expectations per contract mode and IOGP Report 432-02 for further guidance on developing an HSE plan).
- Who is responsible for HSE when personnel from multiple employers are engaged at the same workplace on the same contract.

Client documentation in the tender package should include:

- Client HSE requirements:
  - Preference is for the use of industry references (IOGP, API, ISO, etc.) with limited client proprietary content.
  - These may be both generic, such as management system or administrative requirements (including reporting of HSE performance data) appropriate for the contract mode selected, and client, site and/or contract specific.
  - If possible, client requirements should be results-oriented rather than prescriptive.
- The scope of work, work context and the associated known hazards to be addressed including:
  - necessary technical and HSE requirements
  - list of specific HSE risk and risk factors identified, risk controls and compliance issues for the contract.

- Specifications on the use of HSE-MS's and therefore the mode of contracting, which may ultimately be reflected in the contractor's HSE plan, such as: how the contractor, or alliance of contractors, would be held responsible for the management of HSE, the coordination of HSE activities for all personnel working on the contract and defining:
    - the undertaking of statuary responsibilities for coordinating work on safety and working environment when there are multiple employers at the same site—principal undertaking
    - primacy of client/contractor HSE-MS and how the interfaces and other bridging mechanisms could operate
    - the need for the contractor to perform a gap analysis to define relevant gaps (including roles, responsibilities and actions) of the participant HSE-MS's associated with each activity
    - the client oversight and audit strategy
    - interaction of contractor work with client operations (simultaneous operations)
    - the interactions with existing client plans such as emergency response
    - key competency requirements (for HSE critical positions)
    - type and schedule of training and induction requirements
    - specification of proposed Key Performance Indicators (KPIs) for the scope of work
    - specification of the minimum client pre-mobilization and mobilization requirements
    - instructions to tenderers addressing scope of work specific risks and requirements
- Any relevant templates, e.g. for an HSE Interface document.

Contractors should be allowed the flexibility to use industry HSE guidance, recommended practices and standards if they are equivalent to or exceed the client's requirements.

Adequate lead times for tender preparation should be allowed to avoid compromising the establishment of a sound basis for HSE management and the management of identified risks.

An **HSE plan** may include the information as described in IOGP Report 423-02, defining what should be in place during the various phases of the contracted work and the steps that should be taken, by whom and when, to meet client, contractor and regulatory requirements.

If required by clients, an HSE plan is started by the contractors at the beginning of the tender and award phase, based on the expectations and instructions provided by the client. It is finalized during pre-mobilization (Phase Four) but should be reviewed and updated through to the final evaluation and close-out. After award, audits or reviews may be conducted against the HSE plan.

During Phase Three (Tendering and award), the client may ask for an **HSE interface document** as part of the tender response in order to prepare for joint development of an **HSE Bridging document** in Phase Four – the need for such documents is heavily impacted by contract mode.

Supplemental Report 423-02 also describes how to prepare an *HSE interface document* pre-award, leading to the *Bridging document* post-award, and how this is verified during execution. It also includes a template.

3.2 Establishing the tender evaluation criteria

The evaluation model should include evaluation criteria, as part of technical evaluation, covering the specific HSE requirements and any remedial actions necessary to overcome any short comings in the contractor's capability assessment and/or close-out meetings from past or recent contracted activities. HSE-MS and administrative requirements are not automatically part of the evaluation, except where elements are required to perform the scope of work in a specific manner.

In this phase, the tender evaluation criteria should be established to measure the degree of conformity to the requirements of the client and, in particular, those requirements relating to the HSE deliverables, including the contractor's HSE plan specific to the work, if required.

Costs, technical ability, reputation and the ability to meet schedules are prime evaluation factors. Other key considerations specific to HSE are:

- the overall risks associated with the contract, as assessed by the contractor
- the contractor's ability to deliver the scope of work whilst managing the risks, based on an effective HSE plan (including any bridging or interface requirements)
- the contractor's ability to implement remedial actions necessary to bridge the gaps identified by the client, if any, in the contractor's capability assessment.

The HSE evaluation criteria should be given appropriate weighting along with other considerations when the technical/commercial criteria are established.

3.3 Tender response preparation by contractor

The tenderer should form a tender response team similar to the client's tender development team with contributions from relevant stakeholders, which should include HSE, technical/operational and contracts representatives. All response team members should have clear responsibilities in respect of the tender response.

Tenderers should ensure that they are responding to, and meeting the requirements as described in any instructions for the tenderer and any particular tender requirements.

Most of the information relating to the contractors HSE-MS will have been supplied at the HSE capability assessment phase. The contractor should provide other relevant HSE-MS information in their tender documentation and their associated HSE plan (if this is required by a client), at a level that demonstrates that they have thought through the scope of work and associated risk levels, allowing the client to make an informed decision when selecting the eventual contractor (IOGP Report 423-02).

This should include:

- how management system controls, commensurate with the risk, will be in place when required throughout the contract life cycle
- how mobilization and demobilization periods will be treated
- a gap analysis to define relevant gaps (including roles, responsibilities and actions) of the participants HSE-MS associated with each work activity.

The contractor should include the provision for the necessary resources, instructions and supervision to ensure effective functioning of its HSE-MS. The HSE-MS should be appropriate to the complexity of the contractor's activities and in accordance with IOGP 510 Expectations.

Assurance and verification activity by contractors, both at the worksite and elsewhere, should be driven by risk and measured against an agreed verification plan. The resulting assurance and verification information (possibly including a verification KPI) should be used to drive HSE performance with particular emphasis on non-conformities. The assurance and verification plan should be an integral part of the HSE plan.

For situations where the client's HSE-MS requirements are used (relating to a Mode 1 contract) the contractor will need to develop an HSE plan that demonstrates how the personnel, processes and/or equipment provided can meet

the relevant requirements of the client HSE-MS objectives and how these are to be communicated to the contractor and any subcontractor personnel.

In other cases, where the contractor's HSE-MS requirements are utilized (relating to a Mode 2 contract and optionally for a Mode 3 contract), the contractor will need to develop an HSE plan based on the HSE-MS gap analysis and address in particular the requirements relating to HSE.

This HSE plan will demonstrate how:

- the project or activity has effective management for
  - the complexity of specific work and
  - each phase of execution
- risks have been identified, assessed and controlled, and that, where required, recovery measures are in place
- responsibilities for understanding and maintaining these control and recovery measures are assigned to specific people throughout the work.

For tenders requested for recurring work where the HSE risks are well known and are of an acceptable magnitude with adequate controls/barriers, it is possible for a generic HSE plan (or HSE plan used in a previous similar contract) to be used as the basis of a new plan on the provision that both the client and contractor identify any new contract specific risks and how these will be managed.

The contractor's HSE plan should align with the HSE bridging/interface document if some or all of the work is undertaken using the contractor's HSE-MS (Mode 2 contracts). The HSE interface document should identify proposals for the interface of client and contractor HSE-MSs, including any additional bridging actions.

Often clients will be comfortable with the use of the contractors' HSE-MS as the contractor staff will be more familiar with the requirements. This approach should extend from contractors to subcontractors. The document should be clear for each type of activity within the scope of work which HSE-MS should have primacy.

In certain instances, the client may have limited ability to exercise influence on the application of an HSE-MS (for example when work is being carried out in a yard or factory where only a small percentage of the contractor's workload is for the client). These areas should nevertheless be identified where possible for consideration in the overall tender assessment.

Prior to submitting the tender response, the contractor is responsible for ensuring that all subcontractors are able to satisfy client HSE requirements, and are able to safely deliver their portion of the work according to the contract, HSE plan and other activity documentation.

In the tender response, the contractor should include:

- documentation of subcontractor capability to comply with client, contractor and regulatory requirements
- description of post award follow-up of subcontractor's strategies and activities, including interface, HSE, employer obligations, etc.
- description of post award follow-up of subcontractors' task-related duties.

The tenderers response should demonstrate that all parties will have the necessary and fit-for-purpose procedures (e.g. permit to work, hazard identification and risk assessment, operating instructions, emergency plans) and controls in place to achieve the work program without compromising HSE performance.

The tenderers should review all the client requirements and formally request an exception when a requirement cannot be fulfilled, together with the proposed remedial actions.

3.4 Pre-award clarifications

The client will review the tender submissions including key HSE documents such as the draft HSE plan (including bridging/interface information and verification plan), and any submitted risk assessment documentation prepared at the tender stage by the contractor.

The client will assess how effective the contractor has been in providing assurance that all significant hazards and risks have been identified. The client will also assess if the contractor has the capability to undertake the work, and that suitable controls are planned to reduce and manage the risk to an acceptable level.

This provides assurance that the work may be undertaken in a safe manner, and that adequate provisions are planned for all emergency scenarios relevant to the scope of work.

The client should issue clarification requests to the tenderers when required. A joint client and contractor 'pre-award' meeting with each potential contractor should be used to clarify and further assess the suitability of the contractors' HSE plan and associated documentation mentioned above.

Following the 'pre-award' meetings, the client should assess whether their HSE requirements and minimum criteria, as defined in section 3.2 (Establishing the tender evaluation criteria) have been met. This assessment should be documented as it is one of the crucial evaluation criteria for determining the award of the contract.

If a contractor does not meet minimum HSE criteria, a contract should not be awarded. In the case where no tenderers have met the criteria, the client should work with the selected tenderer to ensure that identified gaps are effectively addressed prior to contract award. This is often seen in single sourcing/local content situations.

The agreed corrective actions and implementation plan should be documented prior to contract award.

A pre-signing contract review meeting can sometimes help to ensure clarity in the understanding of key contractual sections and minimize any chance of divergent interpretations later during Phase Six: Execution.

3.5 Incentive schemes for HSE

It is up to the client and contractor to decide if incentive schemes are appropriate or not. The most effective incentive scheme is one that values sustainably good HSE performance and which results in a continuing long-term relationship between client and the contractor based on continuously improving HSE performance.

As a cautionary note, such schemes can, if poorly designed, create unforeseen and adverse outcomes, and some clients may feel that schemes show a poor culture of the contractor if incentives are required to make them focus on HSE.

Before incentives are decided, the risk (including local culture and values, performance and risk reducing potential of the scheme) should be carefully considered.

To be effective, an incentive scheme should:

- educate and motivate personnel to adopt behaviours to improve HSE performance
- encourage the reporting of all events and incidents
- promote the balanced use of both lagging and leading indicators
- be proactive and reward pro-active effort
- ensure that incentives are valued by the personnel who are in a position to influence the HSE performance and to improve the systems
- be culturally sensitive to the local environment
- appreciate the HSE culture of the contractor
- encourage team work and inclusive behaviours
- avoid rewards based on injury frequencies/statistics.

3.6 Contract award

Once the contract award has been made, joint meetings should be held as soon as possible to agree on contract HSE requirements and the final details of the HSE plan. This is covered in Phase Four: Pre-mobilization. Unsuccessful tenderers should be given feedback where appropriate.

3.7 Risk management in Phase Three

The following risk mitigation actions are typically applied in Phase Three of the contracting process:

- Client led – Finalize contract mode selection
- Client led – Develop HSE requirements for an HSE plan within tender documentation
- Client led – Establish risk-based HSE contract specifications (technical and administrative)
- Client led – Develop potential contract HSE incentive schemes
- Client led – Share client understanding of risks associated with the scope of work
- Contractor led – Develop and submit a bid which is conformant with client requirements and includes risk assessment, actions close-out from the capability assessment, draft HSE plan (including interface information and verification plan), and gap analysis of the participants HSE-MS associated with each work activity
- Contractor led – Ensure all subcontractors have the capability to comply with client, contractor and regulatory HSE requirements
- Client led – Tender evaluation process and award of contract.

Phase Four: Pre-mobilization

Objectives

To ensure that the relevant aspects of the contract risk assessment and the requirements of the HSE plan are understood and communicated by all parties prior to implementation of the contract and that the contractor and client companies are effectively working together before commencing the scope of work.

Remedial actions which are required to be completed before mobilization should be identified, agreed and verified as completed by holding reviews, meetings and conducting audits, as required.

The amount of detail and effort for pre-mobilization activities should be commensurate with the identified level of risk, contract mode and the maturity of the contractor's HSE MS.

4.1 Post award meetings

A post-award (sometimes termed kick-off) meeting should be used as an opportunity for the contractor(s) to become familiar with the location, facility, personnel, and to ensure mutual understanding of risks and contract requirements. The meeting is generally recognized as an important interfacing step in working together to prevent events and incidents and achieve good HSE performance.

The meeting should be held immediately after contract award, to minimize the effect of any personnel changes to the client or contractor teams, and with sufficient time before execution of any work to avoid delays or unforeseen problems. For a new contractor, the meeting may include the client's and contractors' local management.

If the contractor mobilizes locally at the work site, the meeting may be held locally. If not, it may be necessary to hold the initial meeting at the contractor's base office. This should be followed by a subsequent mobilization of key contractor and subcontractor personnel to the work site and possibly additional local meeting(s). The local meeting(s) should be held immediately prior to the start of any work as part of the mobilization process.

For major contracts with increased risk and a long duration, Phase Four may last for several months, in which case a series of regular follow-up meetings should be held to monitor progress during this phase. These meetings should be anywhere from weekly to monthly depending on the amount of planning work involved. It is recommended that some kind of action tracking mechanism be utilized during this phase to help monitor progress.

The topics covered by the meetings should include, as appropriate:

- the organization chart for the planned scope of work including nomination of key personnel
- lines of communication between client and contractor; who has authority to issue instructions (client) and to whom they should be issued (contractor)
- a review of associated major risk controls
- a project schedule, which confirms that the activities/deliverables described in the HSE plan for completion pre-mobilization, can be satisfactorily implemented
- confirmation that roles and responsibilities have been clearly defined and understood
- any pending exceptions, clarification and actions to be closed prior to mobilization (from the capability assessment, audits or past meetings)
- review of relevant regulations and compliance requirements, including required permits or licenses
- confirmation of personnel competency. This includes both client and contract personnel who are exposed to workplace hazards and risks as defined in the scope of work and the performed risk assessments
- confirmation of any SMART (Specific, Measurable, Attainable, Realistic, and Timely) HSE KPIs, including one to measure verification performance
- distribution and explanation of the HSE policies, basic HSE rules and work procedures as defined in the HSE plan
- confirmation of the scope and schedule of HSE activities, e.g. HSE meetings, verification activities, audits and reviews
- confirmation that HSE induction and training plans are in place and ready for start up
- briefing of subcontractors' management on HSE requirements
- event and incident reporting and investigation procedures
- process for agreeing upon, reporting, tracking and closing out non-compliance/conformity
- interaction of client's and contractors' emergency and response plans (incidents, security, pandemic disease, evacuation, next of kin, etc.)
- contact has been made with third parties to assure their role in emergency and response plans is known.

The meeting(s) may be achieved by either integrating HSE aspects into operational pre-mobilization meetings or be structured as a stand-alone HSE workshop, with participation by both client and contractor management and also management from any key subcontractors. The meeting(s) may also provide an opportunity to discuss the need for pre-mobilization audits and for client and contractor management to demonstrate their commitment and engage with each other and the workforce.

4.2 Pre-mobilization audits

A pre-mobilization audit can provide an opportunity to verify that HSE systems are in place in accordance with the HSE plan and check the competence of people, the condition of the equipment and the state of the worksite. It is important to keep in mind that the equipment and site may still be in use for other contracts. A selection of items listed in IOGP Report 423-02, *Guide to preparing HSE plans and Bridging documents – Supplement to Report 423* can be included in pre-mobilization audits.

Supplemental audits can include the verification of the provision and maintenance of:

- equipment and locations to be used for the work
- HSE equipment
- communication systems and procedures
- environmental protection systems
- site and personnel security systems
- verification of required training and competencies of those individuals who will perform the scope of work
- local content/community and social responsibility requirements
- health hazard identification and assessment, medical facilities, medevac procedures.

The audit may provide findings to capture in an update to the HSE plan, related to risk and recommendations.

4.3 Joint risk assessment

A joint risk assessment should be performed early in the Pre-Mobilization phase using the applicable risk management process for the contract activities. This process should incorporate any previous assessments performed by both client and contractor. Key risk prevention and mitigation controls should be developed for high and medium risks until the residual risk of each can be considered acceptable. Resulting actions should be tracked and closed prior to starting mobilization.

During the contracted work, control barriers may exist. Some barriers may be more effective than others in minimizing the opportunity for risk to materialize. The importance is in having multiple risk controls of layers of protection in existence and operating across the contract life cycle. The intent is to identify opportunities to have these risk control barriers at selected points across the whole contract life cycle.

Adequate time to assess risk and plan for the commencement of operations is critical to the success of contract activities, and should not be underestimated. If the time is reduced without adding the necessary resources, some risk controls and barriers may be eventually compromised, once operations begin. Some companies require a Management of Change (MoC) process to be used for any changes to the contract schedule.

Many individuals have to identify hazards and quantify risks during the phases of the contract life cycle, and they all, particularly those at the frontline, need appropriate training to perform these tasks well and understand the relationship between hazards and risks. It is important to make the risks, the controls and barriers fully understood by all involved at the different worksites.

4.4 Subcontractor management

A key aspect of good HSE performance is managing the work that is executed by subcontractors. The principles described in this document are also applicable to them.

The lead contractor has a special responsibility for ensuring that all risks of the contract are known and controlled where appropriate by their contractors. Based on risks, a certain level of assurance is needed by both contractor (verify) and client (monitor).

The client should validate the contractor's capability to manage subcontractors and verify that the contractor understands the responsibilities of work through all levels of subcontracting. The contractor is accountable for the performance of all levels of subcontracting, and should manage their subcontractors with the same rigor as they would their own HSE-MS. The contractor should re-allocate work from non-performing parties during contract execution.

Good practices for the contractor are to:

- limit the level of subcontracting (preferable only one level down)
- inform client on use of subcontractors before award
- document all subcontractors, tracking activity, risk, and mode, and assessing and managing them accordingly
- ensure same contract requirements are cascaded down the layers
- establish bridging/interface documents between contractor and subcontractors
- organize HSSE Forums for subcontractors
- maximize use of, and share, industry approved good practices.

4.5 Finalizing key contract documents

A number of key contract documents may have been submitted with the tender which will have been conditionally accepted at award of contract based on 'best available' information. These documents should be finalized in this phase. Work may not proceed beyond this phase to Phase Five: Mobilization until any outstanding issues and documentation have been agreed and rectified.

The contractor should commit to delivery dates for client review and dates for final versions, which address any client comments. This should provide assurance for both parties that the documents will be approved prior to mobilization.

Apart from the contract defining the scope of work and the associated terms and conditions, the following should also be finalized and agreed:

- HSE plan, including a verification plan. Depending on the scope of work, the HSE plan may include other supporting documents or plans addressing specific safety, health, environment, emergency response, security or social responsibility needs.
- One or several bridging/interface documents (see IOGP Report 423-02), as appropriate, which build on the pre-award HSE interface documents and the HSE plan.
- Responsibilities within mobilization and demobilization phases should be defined and agreed as there is a potential for heightened risks during these phases.

4.6 Readiness to mobilize review

At the end of the Pre-mobilization phase, some client companies may hold a readiness to mobilise review, where they demonstrate to their management that the contractor is ready to mobilise personnel and equipment and that plans are in place to manage all risks to an acceptable level, or that actions are planned to get to this level before work activities commence.

4.7 Risk management in Phase Four

The following risk mitigating actions are typically applied in Phase Four of the contracting process:

- Client/contractor jointly led – Conduct a post-award meeting
- Client/contractor jointly led – risk assessment early in the Pre-Mobilization phase
- Client/contractor jointly led – Finalize HSE plan specific to the scope of work; including verification plan and associated verification KPIs as assurance mechanisms, schedule with key milestones for the contracted work, and an organization chart for the activity
- Client/contractor jointly led – Joint Risk Assessment
- Contractor led – Implement and verify contractor's process for managing subcontractors
- Client/contractor jointly led – Establish client-contractor HSE bridging documents, and all interface issues are resolved
- Client led – Conduct pre-mobilization audits
- Client led – Review and approve all required contract documentation
- Client led – Develop a draft assurance and monitoring plan (to compliment the contractor's verification plan) and associated KPIs
- Client led – Conduct a readiness to mobilize review.

Phase Five: Mobilization

Objectives

Prior to mobilization, it is likely that the key contractual documentation (the contract itself, HSE plan including interface and verification plan) is known only to the principal members of the client's and contractor's contract management teams.

The objectives of this phase are to ensure that the HSE plan is implemented, and communicated to all relevant parties (client personnel, contractor personnel, subcontractor personnel, community contacts, and third parties). In addition, the objectives will ensure that the agreed remedial action items have been closed out prior to mobilization.

5.1 Mobilization activities

For mobilization acceptance, some of the principal activities are:

- mobilizing contract personnel and equipment to the job site(s)
- reviewing the approved HSE plan (including verification plan), and any other associated plans by those executing them
- reviewing the joint risk assessment with key personnel
- completing actions items, including from the joint risk assessment (see section 4.3)
- communication of the roles and accountabilities/responsibilities to client and contractor (and subcontractor) personnel
- starting induction, orientation and site-specific training which includes communicating the HSE plan
- checking equipment certification to ensure it is tested and fit for purpose, and that personnel are competent for the tasks they will perform
- performing a mobilization HSE audit if required
- verifying of the effectiveness of the emergency response plan
- verifying any required government applications or notifications that work is commencing are filed, and permits received
- developing a final client led monitoring plan to check on a 'sample and test' basis that contractor led, risk-based verification activity happens during Phase Six: Execution as per the Verification plan. Ideally a simple 'monitoring KPI' should be established to measure performance and provide reporting information in performance meetings. See Phase Six for a detailed description of relationship between contractor led 'verification' and client led 'monitoring'.

Some companies use a familiarization or start-up meeting during Phase Five: Mobilization to ensure understanding of risk related to planned activities/operations. The meeting also ensures all personnel involved in the operation are aware of the HSE requirements and scope, and that the latest risk assessments, controls, barriers, and HSE-MSs are in place to minimize the risks in accordance with the HSE plan.

Aligning the various interests and areas of responsibility requires good working relationships between the client and contractors, contractor to contractor and between contractors and subcontractors. This is particularly true if the subcontractor activities are difficult to observe (e.g. distributed work groups, remote locations, transportation).

5.2 Mobilization audit/readiness to commence work review

During the Mobilization Phase, depending on the risks, audits or reviews against the HSE plan may be conducted to determine the readiness to commence work on site.

If the audit identifies matters of significant concern, these should be reviewed against the contractual terms and conditions and the HSE plan. Appropriate actions should be taken including rectification, withholding permission to proceed or ultimately terminating the contract.

The client should be able to withhold permission to start execution and withhold payments until a satisfactory pre-execution audit has shown satisfactory compliance with contract requirements. Before any work is suspended or payment withheld, the client should liaise with the contractor to allow them the opportunity to rectify any non-compliance.

5.3 Risk management in Phase Five

The following risk mitigating actions are typically applied in Phase Five of the contracting process:

- Client/contractor jointly led – Conduct a familiarization or Start-up meeting to ensure understanding of risk related to planned activities/operations
- Client led – Perform pre-start HSE checks or mobilization audits
- Client led – Deploy client representative personnel with HSE responsibilities
- Client or Contractor led (depending on contract Mode) – Carry out contract related HSE-MS orientation/training
- Client/contractor jointly led – Ensure that all members of the workforce are empowered to **Stop Work** if they feel that safety, security, the environment, or working conditions are being prejudiced.

Phase Six: Execution

Objectives

To assure that the scope of work is conducted according to the associated contract requirements and the HSE plan.

The roles, responsibilities and accountabilities within the client and contractor organizations should include checking through a systematic, risk-based verification process that ensures proper HSE performance requirements are being delivered in a safe and effective manner. Similarly, within the client organization, this will include checking, via a systematic, risk-based monitoring process, that the HSE requirements are being verified by the contractor in a safe and effective manner.

Any additional risk or HSE requirements identified during implementation of the contract should be properly addressed (subject to a Management of Change process) and the HSE plan updated accordingly.

6.1 Roles and responsibilities

A number of factors determine the amount of management effort required to support the delivery of the scope of work. Each situation is different and needs to be considered in this context – there is 'no one size fits all'.

Factors may include:

- the degree of risk associated with some of the activities (which might require specialist attention)
- the presence of simultaneous operations by single or multiple contractors (including subcontractors)
- the complexity of the scope of work, and the maturity of both the contractors and client organizations.

Accountability for delivering the scope of work (as per the contract) and verifying that the work has been undertaken in accordance with the HSE plan lies with the contractor. Similarly, the accountability for delivering the scope of work (within the client organization) lies with the client contract manager, who needs to ensure that requirements in the HSE plan are implemented and effective. This could include HSE performance reporting and monitoring to ensure proper checks and verifications are being made in accordance with the HSE plan.

The contract managers on both sides will delegate responsibilities to suitably qualified and experienced representatives. Generally, monitoring or verification lies with a designated client representative for Mode 1 contracts, and contractor

representative for Mode 2 and 3 contracts. These representatives may have permanent, or sporadic, presence on site to check and confirm that contract HSE requirements are being met.

Appendix A describes some of the common accountabilities and responsibilities for key roles in client and contractor companies.

6.2 Managing risk in execution through verification, monitoring, and auditing

Verification, monitoring and audit can take place in parts of, or over, the whole contracting life cycle but emphasis is on undertaking these activities at the work site.

VERIFICATION

Systematic checking of one's own activity on a risk basis to obtain objective evidence to confirm that specified requirements have been met. Whenever specified requirements have been met, a verified status is achieved., i.e.

1. The Contactor's verification of their own conformance to their HSE plan and Client's contractual requirements.
2. The responsible Line's verification of their own conformance to applicable Client requirements.

MONITORING

The checks Client (the responsible Line) do to assess a Contractor's activity, process, or system at different stages or at different times, to assess delivery of contractual requirements and conformance to their HSE plans.

To determine status, the Client need to supervise and continually check and critically observe the activity, process, or system that is being monitored.

AUDIT

An independent risk based, systematic and documented process for review of Client's or a Contractor's risk management processes, HSE performance, and deliverables, evaluating it objectively to determine the extent to which the audit criteria are fulfilled.

Contractor Management requires that checks are carried out to assure that Verification and Monitoring activities occur as planned.

Notes:

1. *To achieve efficiencies and remove duplication, all checking activity including Leadership site inspections should be integrated into Verification and Monitoring activity.*
2. *Terminology may change by company but preference is to align with existing IOGP reports and international standards.*

Figure 3: The relationship between verification, monitoring and audit

Verification, monitoring and auditing may be used as layers of protection, or barriers themselves, across the contract life cycle. Contractor-led verification and client-led monitoring of the contracted work may be particularly effective during Phase Six: Execution.

In order for these activities to be effective, they should be undertaken in a risk-based and systematic manner, ensuring that risk controls and barriers are being effectively implemented to help minimize HSE related events and incidents and drive performance improvement.

The HSE plan should include a *verification plan*, or schedule, which was identified pre-award of contract and finalized prior to Execution. The plan should integrate all forms of contractor checking activity to avoid any duplication of effort. The plan should identify activities within the scope of work that need checking based on recognized risks. See Figure 4 for an example.

Contractor Verification Plan

OMS procedure or other risk barrier or control	Verification activity	Frequency (per shift/day/week/month)	Date of last activity	Completion status	Owner	Pass/fail	Actions/comments
1.2.2 (illustrative only)	AAA	Shift					
2.1.3	BBB	Daily					
4.1.1	CCC	Weekly					
4.2.1	DDD	Month					
4.4.2	EEE	Daily					

Client Monitoring Plan

OMS procedure or other risk barrier or control	Monitoring activity	Frequency (per shift/day/week/month)	Date of last activity	Completion status	Owner	Pass/fail	Actions/comments
2.1.3	BBB	Monthly					
4.2.1	DDD	Monthly					

Figure 4: Example of a contractor verification plan and client monitoring plan

The plan should detail:

- the frequency of checks (reflecting the magnitude of the associated risk)
- the names or positions of those undertaking the checks
- guidance on the management of any verification non-conformities if identified.

Clients and Contractors should agree on appropriate KPIs to measure the effectiveness of their monitoring and verification activities (e.g. percentage of completed verification checks as per the verification plan). The KPIs should be submitted by the contractor at joint, formal HSE performance meetings.

The client may also need to test the degree of conformity to the contractor's verification program. This *monitoring* activity should be done against a risk-based plan and on a *sample and test* basis. This checking is not to repeat the verification activity undertaken by the contractor but rather to check that the verification process is being followed. As with verification, there should be a simple *monitoring KPI* which is agreed by the client and contractor, and submitted for review at formal HSE performance meetings.

Auditing is an additional independent level of checking of both *verification* and *monitoring* activities undertaken on a more random basis by the client to evaluate their effectiveness.

Joint audit programs have the advantage of aligning what can sometimes be divergent objectives (between client and contractor), enhancing common understanding and promoting constructive collaboration. However, any such activity should not impact the accountabilities (client or contractor) to undertake risk-based verification, and the client's need to undertake risk-based monitoring and audit activities.

It is recognized that there is no set industry vocabulary for the assurance mechanism terms used in Figure 3 and therefore there needs to be nomenclature flexibility and common principles:

- risk-based, systematic checking of the activity of the party undertaking the work by the party undertaking the work (usually by leadership or supervisory staff) is referred to as *verification*. This is sometimes known as *self-assessment* or *self-verification*.
- systematic checking that the party undertaking the work has done so through a risk-based verification process by the client is referred to as *monitoring*. This is sometimes known as *oversight*.

6.3 Performance review meetings

Performance review meetings between the client and contractor management are an important way to monitor performance. For example, all agreed KPIs can be reviewed. In addition, meetings should be held at the work site to review progress such as safety committee meetings, or risk assessment reviews at crew changes, etc.

6.4 Risk management in Phase Six

The following risk mitigating actions are typically applied in Phase Six of the contracting process:

- Client or Contractor led (depending on contract mode) – Carry out verification activities and reporting as per plan
- Client and/or contractor led – Perform compliance audit(s) of contract, HSE plan and bridging document
- Client led – Monitor activity and report as per plan
- Client/contractor jointly led – Carry out event, incident and non-conformity recording, investigation and follow-up (contract Mode 1 and 2)
- Client/contractor jointly led – Conduct performance management and reviews, at both the worksite and contract manager level, through formal and regular joint meetings (to include reporting and performance monitoring against agreed KPIs)
- Client/contractor jointly led – Ensure line management commitment to HSE issues through participation in plans and assessments of HSE-MS effectiveness, worksite visits, audits and incident investigations
- Client/contractor jointly led – Develop an effective MoC process for changes to the contractual scope of work, personnel, equipment or other pre-agreed criteria.

Phase Seven: De-mobilization

Objectives

To assure that the demobilization is conducted according to the HSE requirements and plan, and that the roles and responsibilities are clearly understood and complied with throughout this phase.

The hazards and risks associated with demobilization should be assessed, and any new hazards, effects, impacts and threats identified and controls implemented to minimize the risks. The HSE plan should be modified accordingly. De-mobilization can be especially hazardous as experienced personnel are leaving the contract and assets are being decommissioned.

7.1 De-mobilization activities

The HSE plan should continue to be the reference for managing the HSE activities in this phase. Some companies may choose to develop a specific client approved de-mobilization plan.

Management of Change may be particularly relevant at this time. Due consideration should be taken of any lessons learned, particularly from Phase Five: Mobilization, the problems encountered and solutions found.

De-mobilization often is a phase of a contract having an increased probability of events and incidents as the contract infrastructure and contractor HSE management structures are being dismantled with people moving off the contract to new assignments. Appropriate organizational structures and emergency response equipment/resources should remain intact until associated activities have been completed.

De-mobilization activities may include:

- site restoration and re-instatement
- waste management and disposal
- closing out litigation and grievances
- making any required government notifications that work has ceased.

The client and contractor should continue to monitor performance against the HSE plan, including particular attention to event and incident reporting. It is important to maintain vigilance on HSE matters to the very end of the contract.

Any important documents and records should be archived (possibly transferred or copied to the client) including such items as permits received, damage settlements and payments, evaluation of site restoration supported by evidence, etc.

7.2 Risk management in Phase Seven

The following risk mitigating actions are typically applied in Phase Seven of the contracting process:

- Contractor led – Risk assess de-mobilization activities
- Contractor led – Update the HSE plan or develop a de-mobilization plan including verification activities
- Client led – Monitor de-mobilization for HSE compliance.

Phase Eight: Final evaluation and close-out

Objectives

To conduct a joint evaluation of the contractor's and client's HSE performance and to provide feedback to the contractor(s) and client management that can serve as a reference for future work.

The aim should provide feedback to both organizations in the context of actively seeking recommendations for continuous improvement.

8.1 Final evaluation and close-out report

Contracts should be closed out with a report of HSE performance and lessons learned, providing feedback for future knowledge and improvements. This may take the form of a close-out meeting where all parties are represented.

Throughout the contract, contractor performance should be assessed against the HSE requirements and plan and any deviations, positive or negative, annotated for reference in the close-out report and summary.

The format of the close-out report should reflect the HSE plan and contractual requirements between the client and the contractor. However, there should be sufficient flexibility to take account of any mutually agreed changes to the contract, which may have occurred during the course of the work. Depending on the scope of the contract, reports may be written by the contractor and/or the client company (or its representatives).

The analysis and summary of conclusions should address:

- quality of the HSE plan, if used, and its relevance to the overall contract performance, stipulating what was learned and how future, similar contracts should be structured
- highlighting positive aspects of learning and how they can be applied in the future. This learning should be shared with the contractor, who should share with subcontractors
- incorporating any new hazards, effects, impacts and threats identified into the risk assessment and management process for future contracts
- analysis of both the client and contractor's HSE performance against both the HSE plan and KPIs, for mutual improvement
- information on the contractor to be added as a reference for the client bid list and which may provide advice for improvements in future HSE capability assessments

- critical HSE documentation and records associated with the contract
- HSE close-out data (including client audits, incidents) should be recorded and made accessible for future reference. A documented record of HSE performance should be kept for each contractor
- analysis of the contract itself and other key documents such as the HSE plan and bridging document, and whether any changes are needed in the future
- incorporating any lessons learned into improving the HSE-MS of both the client and the contractor(s) as applicable
- appropriate lessons learned should be considered for sharing with the broader oil and gas industry.

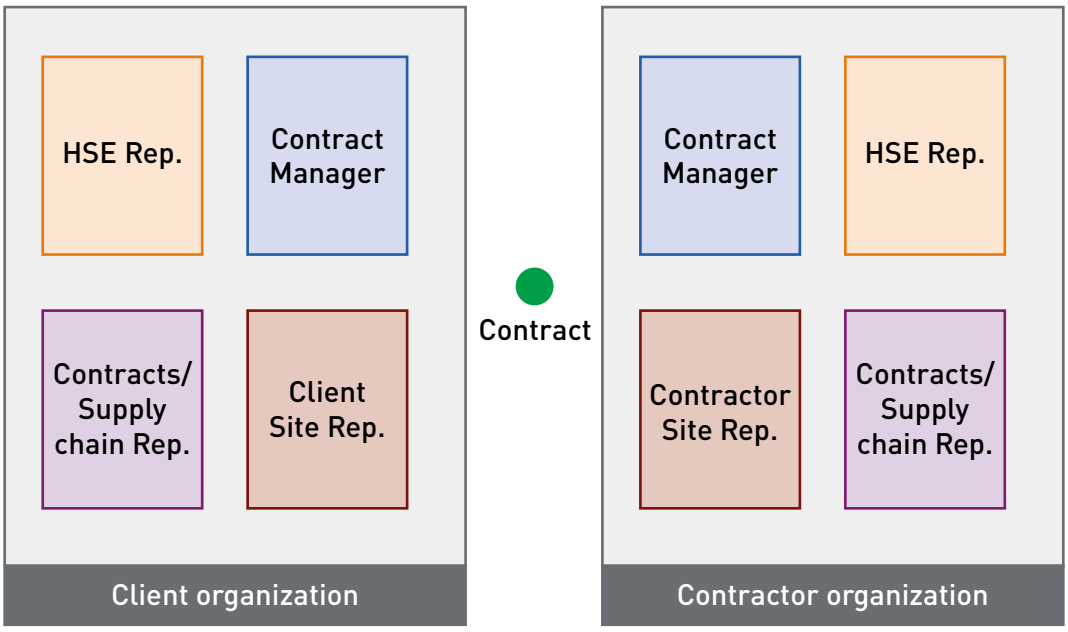
The contractor should be advised that its overall performance and HSE record may be taken into account when being considered for future work. Based on the overall performance, the rating of the capability assessment may be raised or lowered, and if necessary a list of remedial actions provided to the contractor. Any actions should be resolved before being allowed to tender for future work.

8.2 Risk management for future work during Phase Eight

The following risk mitigating actions are typically useful for future scopes of work, and are part of industry good practice:

- Client led – Conduct a client/contractor close-out meeting
- Client/contractor jointly led – Capture HSE lessons learned
- Client/contractor jointly led – Share appropriate lessons learned with industry groups
- Client led – Maintain a live register of actions for continuous improvement.
- Client led – Conduct experience transfer related to contractor performance and impact on contractor capability assessment

Appendix A
Overview of accountabilities and responsibilities



Note: supplemented by technical specialists as required

Figure A.1: Typical team organizations

The client and contractor teams responsible for the development and delivery of a contract should be formed as early as possible in the contracting process.

For the client organization, this is often at Phase One: Planning or Phase Two: Sourcing/capability assessment phases. For the contractor organization, this is at Phase Three, Tender and award.

The key roles in the client and contractor organizations are shown in Figure A.1. The most senior person in each team will usually be the owner of the contract. This person is called the **contract manager** in this document, although terminology will differ between companies.

Within each organization, the contract manager will have accountability for the safe delivery of the scope of work within their organizations, and overall management of the contract. The other three roles described here will have specific delegated responsibilities for portions of the overall activity.

It is important that all the people assigned these roles are clear on their accountabilities and responsibilities. In some companies, portions of these responsibilities may be delegated, but accountability should not be delegated.

The client and contractor site representatives are often only engaged after the contract is awarded.

In summary:

- The **contract manager** role is accountable for the overall delivery of the scope of work as defined in the contract, and importantly to ensure that all HSE requirements are met through the active and formal performance management of the contract – this should be achieved through collaborative working with their counterpart contract manager.
- The client and contractor **site representatives** will have a solid or dotted reporting line to the contract manager and effectively represent the contract manager on site – they have day-to-day responsibility for the safe delivery of the scope of work and are the daily interface with their counterpart representatives. Again, they should demonstrate a collaborative working style and approach. These may include office-based HSE representatives who provide support to the planning, sourcing, evaluation, and monitoring of the contractor as well as a designated onsite HSE Representative to support the Client's day-to-day systematic verification (monitoring) activities.
- The **HSE representative** is in an active support role throughout the various phases of the contract life cycle.
- The **contracts/supply chain representative** is in an active support role throughout the various phases of the contract life cycle.

The use of an appropriate business tool such as a RACI may be useful in understanding the differences between R (Responsible), A (Accountable), C (Consulted) and I (Informed).

Client Contract Manager – role description

Accountabilities

Tender & award

1) Provide the following input during the tender development activity:
   - Confirm the invitation to tender/bid includes:
     - correct scope of work
     - clear HSE requirements in the contract clauses
     - requirements to complete HSE capability assessment questionnaire
     - submit a contractor-based risk assessment of the work
     - draft HSE interface document
     - draft HSE plan (including verification plan).
2) Review the contractor tender submission for quality and completeness and confirm that it covers the risks associated with the scope of work.
3) Provide input into the contractor selection process and contract award decision.
4) Confirm that the verification KPI is included in the contract.

Pre-mobilization

1) Confirm the following are completed satisfactorily prior to contractor mobilization:
   - HSE interface/bridging document
   - HSE plan including contractor owned verification plan with assigned owners, agreed frequencies, and associated KPI
   - Client monitoring plan including monitoring KPI.
2) Confirm the verification plan includes a list of defined activities, assigned owners and agreed frequencies.
3) Ensure a monitoring plan is developed.
4) Confirm the monitoring plan includes list of defined activities, assigned owners and agreed frequencies.
5) Communicate and document the following information to the client site representative:
   - representative's role in the execution of the monitoring plan
   - contractor performance reporting expectations.

Execution

1) Ensure the client monitoring plan is implemented effectively.
2) Confirm the contractor is managing the key obligations in accordance with the contract for the safe delivery of the scope of work by:
    - checking the client site representative conducts monitoring in accordance with the monitoring plan
    - confirming that HSE KPIs are correctly measured and recorded (specifically monitoring and verification KPIs)
    - leading regular and formal performance review meetings with the contractor
    - initiating, developing and closing actions relating to contractor performance issues.

De-mobilization

1) Keep up the focus on HSE risk management and performance also during de-mobilization period activities. The HSE risks associated with demobilization should be assessed and controls implemented to minimize the risks. The HSE plan should be modified accordingly.
2) Request the contractor to risk assess de-mobilization activities and update the HSE plan or develop a de-mobilization plan including verification activities. Ensure that experienced personnel are NOT leaving the contract team to early.

Final evaluation

1) Provide input into final performance evaluation meetings.
2) Confirm that key learnings are identified, documented and shared with relevant stakeholders.

Client HSE Representative – role description

Responsibilities

Tender & award

1) Provide the following input during the tender development activity:
   - Ensure the tender development team has the necessary HSE input and that the HSE requirements are clearly stated in the tender particularly in respect of risk identification and mitigation.
   - Ensure the following are created:
     - HSE questionnaire and evaluation/scoring guide to be used upon return of the questionnaires
     - client-based risk assessment of the work.
2) Lead the HSE assessment of the submitted tenders including all associated documents such as the contractors risk assessment, draft HSE interface document, draft HSE plan and the verification plan.
3) Lead the preparation and submission of the HSE recommendation to the client tender team.
4) Provide HSE input into any contract award discussions.

Pre-mobilization

1) Work with contractor on finalising the following key documents:
   - HSE bridging document
   - HSE plan including contractor owned verification plan.
2) Support the development of the client owned monitoring and audit plan.
3) Help identify and assign an onsite HSE Representative as appropriate to help monitor contractor day-to-day HSE performance. This may be a designated HSE professional or may be a shared responsibility of the Client Site Representative.

Execution

1) Provide HSE support to the implementation of the client monitoring plan.
2) Supporting regular and formal performance review meetings with the contractor.
3) Monitoring the close out of HSE related performance actions by the contractor.

De-mobilization

1) Assist the Contract Manager/Site representative to update the risk profile and follow up plan to encompass the activities. In addition, support with verification/monitoring activities regarding de-mobilization.

Final evaluation

1) Provide input into final performance evaluation meetings.
2) Confirm that key learnings are identified, documented and shared with relevant stakeholders.

Client Site Representative – role description

Responsibilities

Pre-mobilization

1) Communicate to the client contract manager:
   - understanding of the client site representative role in the pre-mobilization, mobilization, execution and de-mobilization phases of the contract in accordance with HSE plan
   - understanding of the client site representative role in the implementation of the monitoring plan
   - client performance reporting expectations.
2) Support any pre-mobilization audit activity and post award (kick off) meetings.
3) Ensure that the contractor site representative has acquired and confirmed the adequacy of all necessary documentation and has this information available on site – plant and equipment certification and people competency certification.
4) Ensure key contractual documentation such as the HSE plan and the verification plan is shared with key stakeholders where the client is the primary point of contact.
5) Jointly lead (with contractor) a risk assessment exercise.

Mobilization

1) Undertake mobilization audit/readiness review if required.
2) Ensure all mobilization activity is in accordance with the HSE plan.
3) Commencement of induction, orientation and site-specific training which includes communication of the HSE plan.

Execution

1) Day-to-day interface with the contractor site representative.
2) Accountable for the implementation of the client monitoring plan.
3) Supporting regular and formal performance review meetings with the contractor.
4) Ensure contractor closes any agreed actions relating to performance issues.
5) Client site representative should NOT supervise or manage contractor personnel.

Final evaluation

1) Provide input into final performance evaluation meetings.
2) Confirm that key learnings are identified, documented and shared with relevant stakeholders.

Client Contracts/Supply chain manager – role description

Responsibilities

Tender & award

1) Provide the following input during the tender development activity:
   - Ensure the tender development team has the necessary contracts/ supply chain input and the team follow appropriate company policy and procedures.
   - Facilitate the work of the tender development team acting as the overall co-ordinator for the development of the tender.
2) Act as the source of communication with all tenderers.
3) Lead the tender evaluation and assessment process.
4) Lead any discussions and/or negotiations with the tenderers.
5) Prepare tender award recommendation to approval body.
6) Award contact and ensure all contractual documentation is finalized.

Execution

1) Provide contracts/supply chain support to the implementation of the contract.
2) Support regular and formal performance review meetings with the contractor.
3) Monitor the close out of performance actions by the contractor.

Final evaluation

1) Provide input into final performance evaluation meetings.
2) Confirm that key learnings are identified, documented and shared with relevant stakeholders.

Contractor Contract Manager – role description

Accountabilities

Tender & award

1) Provide the following input during the tender development activity:
   - Confirm the tender submission team has the necessary input from all appropriate specialists.
   - Confirm the tender submission document conforms to all requirements as stated in the invitation to tender and has all necessary approvals in line with the contractor delegation of authority documents and includes:
     - correct scope of work
     - clear responses to the clients HSE requirements as stated in the tender
     - completed HSE questionnaire
     - a completed contractor-based risk assessment of the work
     - a draft HSE interface document
     - a draft HSE plan.
2) Provide input into any contract award discussions.

Pre-mobilization

1) Confirm the following are completed satisfactorily prior to contractor mobilization:
   - HSE interface/bridging document
   - HSE plan including contractor owned verification plan.
2) Confirm the verification plan includes list of defined activities, assigned owners and agreed frequencies.
3) Communicate and document the following information to the contractor site representative:
   - representatives' role in the execution of the verification plan
   - contractor performance reporting expectations.

Execution

1) Accountable for the effective implementation of the contractor verification plan.
2) Ensure the contractor is managing the key obligations in accordance with the contract for the safe delivery of the scope of work by:
    - checking the contractor site representative conducts verification activity in accordance with the verification plan
    - confirming that HSE KPIs are correctly measured and recorded (specifically monitoring and verification KPIs)
    - supporting regular and formal performance review meetings with the client
    - initiating, developing and closing actions relating to contractor performance issues.

De-mobilization

1) Keep up the focus on HSE risk management and performance also during de-mobilization period activities. The HSE risks associated with demobilization should be assessed and controls implemented to minimize the risks. The HSE plan should be modified accordingly.
2) Ensure that experienced personnel are not leaving the contract team and that assets are being decommissioned too early. MOC processes to be used for assessment of risk.

Final evaluation

1) Provide input into final performance evaluation meetings.
2) Confirm that key learnings are identified, documented and shared with relevant stakeholders.

Contractor HSE Representative – role description

Responsibilities

Tender & award

1) Provide the following input during the tender submission activity:
   - Ensure the tender submission team has the necessary HSE input and the submission conforms to the HSE requirements as stated in the tender particularly in respect to risk identification and controls.
   - As part of the tender submission, ensure the following are completed with adequate HSE input:
     - completed HSE capability assessment questionnaire
     - contractor-based risk assessment of the work
     - draft HSE interface document
     - draft HSE plan, including a draft risk-based, contractor-led. Verification plan for of the work. Ensure a verification KPI has been proposed.
2) Provide input into any contract award discussions.

Pre-mobilization

1) Undertake a review from an HSE perspective of the following prior to contractor mobilization:
   - HSE bridging document
   - HSE plan including contractor owned verification plan.
2) Help identify and assign an onsite HSE Representative as appropriate to help systematic checking (verification) of contractor day-to-day HSE performance. This may be a designated HSE professional or may be a shared responsibility of the Contractor Site Representative.

Execution

1) Provide HSE support to the implementation of the contractor verification plan.
2) Support regular and formal performance review meetings with the client.
3) Initiating, developing and closing actions relating to contractor performance issues.

De-mobilization

1) Assist the Contract Manager/Site representative to update the risk profile and follow up plan to encompass the activities. In addition, support with verification/monitoring activities regarding de-mobilization.

Final evaluation

1) Provide input into final performance evaluation meetings.
2) Confirm that key learnings are identified, documented and shared with relevant stakeholders.

Contractor Site Representative – role description

Responsibilities

Pre-mobilization

1) Confirm the verification plan includes a list of defined activities, assigned owners and agreed frequencies.
2) Communicate to the contractor contract manager:
   - understanding of the contractor site representative role in the pre-mobilization, mobilization, execution and de-mobilization phases of the contract in accordance with HSE plan
   - understanding of the contractor site representative role in the implementation of the verification plan
   - contractor performance reporting expectations.
3) Support any pre-mobilization audit activity and post award (kick off) meetings.
4) Ensure that all required documentation is checked and is available on site – plant and equipment certification and people competency certification.
5) Ensure key contractual documentation such as the HSE plan and the verification plan are shared with key stakeholders (including subcontractors).
6) Jointly lead (with client) a risk assessment exercise.

Mobilization

1) Undertake mobilization audit/readiness review if required.
2) Ensure all mobilization activities are in accordance with the HSE plan.
3) Commencement of induction, orientation and site-specific training which includes communication of the HSE plan.

Execution

1) Day-to-day interface with the client site representative.
2) Accountable for the implementation of the contractor verification plan.
3) Ensure the contractor (including any subcontractors) is/are managing the key obligations in accordance with the contract for the safe delivery of the scope of work:
    - conducts verification activity in accordance with the verification plan
    - confirm that HSE KPIs are correctly measured and recorded (specifically the verification KPI)
    - support regular and formal performance review meetings with the client
    - initiating, developing and closing actions relating to contractor performance issues.

Final evaluation

1) Provide input into final performance evaluation meetings.
2) Confirm that key learnings are identified, documented and shared with relevant stakeholders.

Contractor Contracts/Supply chain manager – role description

Responsibilities

Tender & award

1) Provide the following input during the tender development activity:
   - Ensure the tender response development team has the necessary contacts/ supply chain input and the team follow appropriate company policy and procedures.
   - Facilitate the work of the tender development team acting as the overall co-ordinator for the development of the tender response.
2) Act as the source of communication with the client and all subcontractors and suppliers.
3) Lead the tender submission process.
4) Lead any discussions and/or negotiations with the client and subcontractors and suppliers.

Execution

1) Provide contracts/supply chain support during the implementation of the contract.
2) Supporting regular and formal performance review meetings with the client.

Final evaluation

1) Provide input into final performance evaluation meetings.
2) Confirm that key learnings are identified, documented and shared with relevant stakeholders.

Glossary

The reader should also review the glossary in Report 510.

Assurance mechanism

An activity, process or action that provides confidence and confirmation that an HSE-MS (or any part of an HSE-MS) is achieving its purpose and expected performance.

Bridging

For activities involving multiple parties using different management systems, bridging is a term for the process of identifying alignment and relevant gaps (including roles, responsibilities and actions) in the different management systems of participants.

Bridging documents are needed when all or part of the scope of work is to be performed by using the contractor's OMS, on the basis that it meets the requirements of the client's OMS.

Bridging between client and contractor management systems is normally only required for Mode 2 and 3 contracting, although some form of interface document may be required for Mode 1 contracting.

Capability assessment

An evaluation or audit of the collective expertise and capacity of the workforce to perform activities within an asset, business or company, to defined expectation levels.

Client

A company that issues a contract to a contractor or subcontractor. In this document, the client will generally be an oil and gas exploration company that will issue a contract to a contractor to carry out work. The contractor may then take the role of client by issuing contract(s) to subcontractor(s).

HSE plan

The definitive plan, including any interface topics, which sets out the complete system of HSE management for a particular contract.

Interface

A documented identification of relevant gaps (including roles, responsibilities and actions) in the different HSE-MS of the participating parties in a contract which, when added to the HSE plan, will combine to provide an operating system to manage all HSE aspects encountered in the contract with maximum efficiency and effectiveness.

Monitoring

Determining the status of a system, a process, a product, a service or an activity. An activity undertaken by the client which is risk-based and systematic to check on a 'sample and test' basis that contractors are undertaking verification activity as per the agreed plan. Monitoring activity should be performed by competent individuals in accordance with a monitoring plan.

Toolbox meeting

A meeting held by the workforce at the workplace to discuss the HSE hazards that may be encountered during the work and the procedures that are in place to successfully manage these hazards. Usually held at the start of the day's work. A process of continual awareness and improvement.

Verification

An activity undertaken by the contractor which is risk-based and systematic to check that work is being delivered in accordance with the agreed verification plan and that risk controls and barriers are being effectively implemented. The verification plan is owned by the contractor.

References

IOGP HSE report hierarchy

Level 1: Management systems level reports

This report follows the words and structure used in Report 510, which is the foundation of all HSE reports within the IOGP hierarchy of HSE documentation.

It is aligned with the IOGP reports that describe an Operating Management System (OMS):

- IOGP. Report 510, *Operating Management System Framework for controlling risk and delivering high performance in the oil and gas industry.* June 2014.
- IOGP. Report 511, *OMS in practice – A supplement to Report No. 510, Operating Management System Framework.* June 2014.
- IOGP. Report 512, *Security Management System – Processes and concepts in security management.* July 2014.

Level 2: Guidance on specific management system aspects

Report 423 (this report) and its supplemental reports:

- IOGP. Report 423-01, *Contractor HSE capability assessment questionnaire and scoring system – Supplement to Report 423*. April 2016.
- IOGP. Report 423-02, *Guide to preparing HSE plans and Bridging documents – Supplement to Report 423*. April 2016.
- IPIECA/IOGP. *Health management contract guidelines for clients and contractors. Addendum to Appendix 3 'HSE plan guidance' of IOGP Report 423: HSE management – guidelines for working together in a contract environment*. April 2015. Available from http://www.ipieca.org

IOGP. Report 365, *Land transportation safety recommended practice*. December 2016.

IOGP. Report 459, *IOGP Life-Saving Rules.* April 2013.

Level 3: Sector-specific and activity-specific reports

IOGP. Report 432, *Managing HSE in a geophysical contract.* April 2013.

IOGP. Report 577. *Fabrication site construction safety recommended practices.* February 2017.

OMS Fundamentals

Leadership

Centre for Offshore Safety. Publication COS-3-01. *Guidelines for Leadership Site Engagement for the Deepwater Industry.* First edition. May 2013.

ICMM. *Leadership matters: The elimination of fatalities.* March 3, 2009.

ICMM. *Leadership matters: Managing fatal risk.* April 1, 2010.

IOGP. Report 452, *Shaping safety culture through safety leadership.* October 2013.

Risk management

IOGP. Report 389, *Environmental-Social-Health Risk and Impact Management Process.* April 2007.

IOGP. Report 529, *Overview of IOGP's Environmental-Social-Health Risk and Impact Management process.* November 2014.

ISO 17776:2000, *Petroleum and natural gas industries – Offshore production installations – Guidelines on tools and techniques for hazard identification and risk assessment.*

ISO 31000:2009, *Risk management – Principles and guidelines.*

UK Health & Safety Executive. Offshore Information Sheet No. 3/2006. *Guidance on Risk Assessment for Offshore Installations.* 2006. This is useful for both on-shore and off-shore situations.

Continuous improvement

ISO 9001:2015, *Quality management systems - Requirements.*

Tools

IOGP. Report 468, *Diving System Assurance recommended practice*. March 2016.

IOGP. Report 538, *Guidance for the use of the Geophysical Contractor Self-Assessment (GCMSA)*. August 2015.

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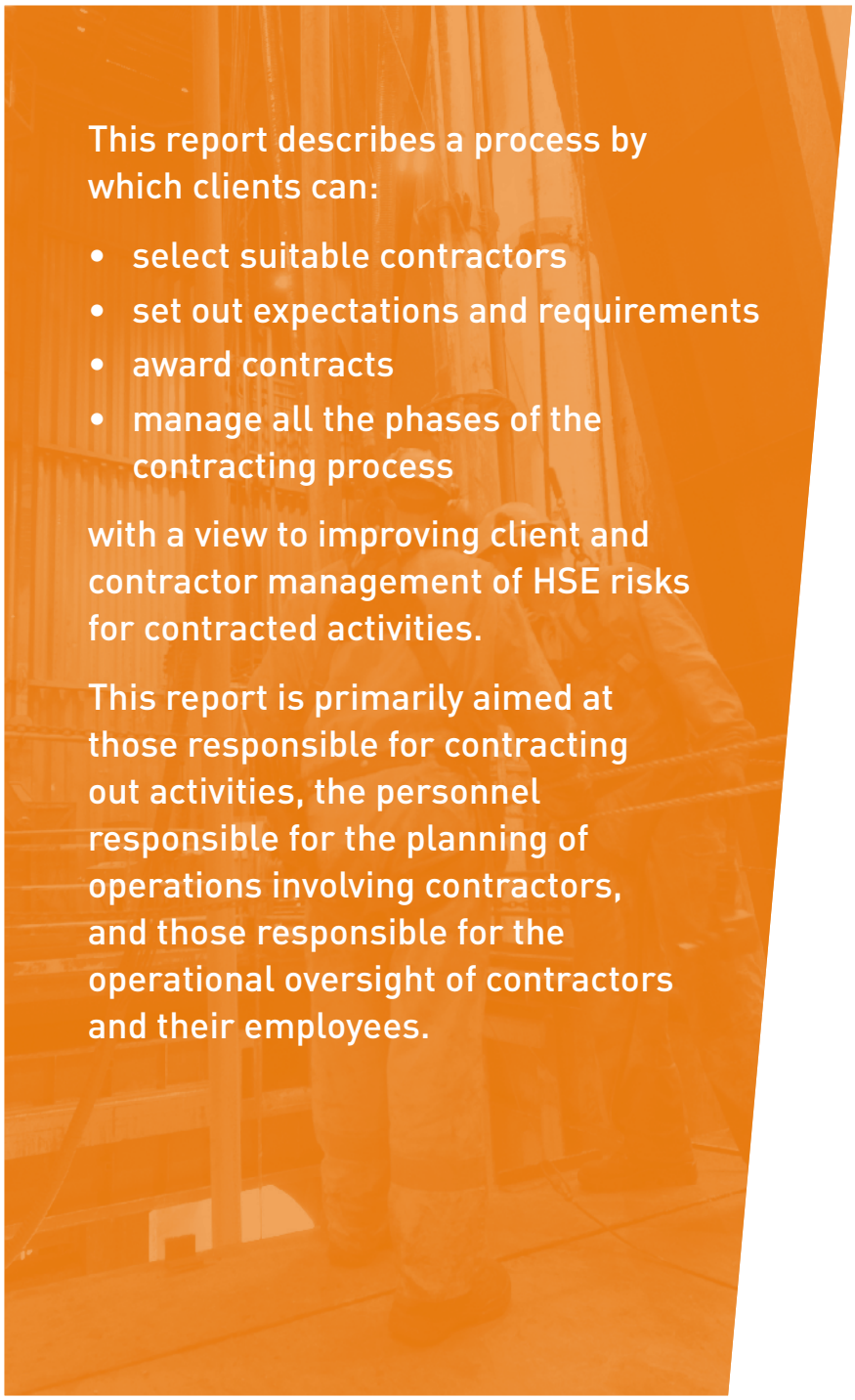

This report describes a process by which clients can:

- select suitable contractors
- set out expectations and requirements
- award contracts
- manage all the phases of the contracting process

with a view to improving client and contractor management of HSE risks for contracted activities.

This report is primarily aimed at those responsible for contracting out activities, the personnel responsible for the planning of operations involving contractors, and those responsible for the operational oversight of contractors and their employees.