



JOINT OPERATIONS



SAUDI ARABIAN CHEVRON INC. – KUWAIT GULF OIL COMPANY (K.S.C.)

SHEERS Process

Contractor OE Management (CM)

10 OCTOBER 2022

Revision 1.0

Contractor Management Process (CM)

Contentsther1227

1. PURPOSE	3
2. OBJECTIVES	3
3. SCOPE	3
4. REQUIREMENTS	3
5. MEASUREMENT AND VERIFICATION	9
6. REFERENCES	10
Linkages to other documents	10
External documents	10
Chevron and KGOC Documents Referenced in the Development of this Process.....	10
APPENDIXES	2
APPENDIX A - Roles, responsibilities and competencies	2
APPENDIX B – Abreviations & Definitions (Make a link to SHEERS)	2
Appendix C : CHESM Workflow	3

1. PURPOSE

The purpose of the Contractor Management (CM) process is to establish clear accountabilities, ensure active engagement of contractors, and provide a consistent CM program to help eliminate environmental, health and safety (EHS) incidents and injuries involving contractors.

2. OBJECTIVES

Objectives of the CM process include:

- Establishing a consistent workflow to systematically manage contractors conducting work activities on behalf of JO
- Defining a risk-based approach for managing contracted work, including the identification of hazards, potential consequences and effective safeguards
- Enabling Procurement/Supply Chain Management (P/SCM) contracting processes

3. SCOPE

The CM process applies to work performed by JO, contractors and subcontractors. This includes work performed at locations within the scope of the IIR Process. The target audience for the CM process is JO personnel responsible for the contractor selection process and for managing third-party contractors or fabrication service providers.

Subcontractors are considered part of the contractor workforce. Therefore, the CM process applies to subcontractors, including lower-tier subcontractors performing work for JO. It is understood through contractual language that it is the responsibility of primary contractors to ensure their subcontractors meet JO SHEERS expectations, including the CM process requirements.

The CM process does not directly address facility design/engineering contractors that may have a direct or indirect impact on Process Safety Management (e.g., designing instrument protective systems) that could result in process safety events. Existing Facilities Design and Solutions processes and associated subject matter experts (SMEs) must be used to assess and manage such contractors.

4. REQUIREMENTS

The following subsections provide minimum requirements for CM and context to clarify the intent of those requirements. The sequence of the information in this section follows the CM process workflow, which is in four distinct phases:

Figure 1: EHS minimum requirements



See detailed workflow in appendix C

1. Consequence Assessment

The purpose of the Consequence Assessment phase is to properly identify potential consequences based on the scope of work in the context of where the work will be performed (e.g., location, regulatory environment, simultaneous operations, contract schedule, availability of resources).

Understanding scope and identifying potential consequences: To identify potential consequences, the right people need to be involved in the assessment.

Requirement 1. The CM advisor shall ensure an assessment of the contract work scope, including the context in which the work will be performed, to determine whether a credible high-consequence SHEERS related outcome exists if safeguards are not in place and effective. This shall be done with support of the CM business owner, other SME resources as needed (e.g., risk management, rigging and lifting) and other stakeholders associated with scope execution (e.g., operations, wells, construction).

Determining contract mode: Contract mode refers to the combination of where the work will be performed and the SHEERS/EHS management system that will have primacy during work execution. Contract modes are defined in Table 1.

Requirement 2. The CM business owner, with support from the CM advisor, shall ensure the identification of the applicable contract mode for the contracted work, communicate the contract mode to P/SCM and record it in a system of record.

Table 1: Contract modes

Mode	Description
Mode 1	Work performed primarily under JO SHEERS/EHS management system within JO reporting boundaries
Mode 2	Work performed primarily under the contractor's SHEERS/EHS management system within JO reporting boundaries (note: a bridging document is typically required) (e.g., Wells, greenfield MCP)
Mode 3	Work performed primarily under the contractor's SHEERS/EHS management system outside of JO reporting boundaries (note: a bridging document is typically not required) (e.g., fabrication shops)

2. CM SHEERS Capability Assessment

The purpose of the CM SHEERS Capability Assessment phase is to meet P/SCM's due diligence requirements and determine a contractor's EHS capability.

Determining the need for a CM SHEERS Capability Assessment: Not all contractors/service providers require a CM SHEERS Capability Assessment. Contracted work that meets one or more of the criteria in Requirement 3 is in scope for CM. Contracted work that does not meet one or more of the criteria listed in Requirement 3 is out of scope for CM (i.e., the CM workflow stops). Joint Operations may choose to implement selected elements of the CM process for contracted work activities that are determined to be out of CM scope.

Requirement 3. The CM advisor shall ensure the assessment of a contractor's SHEERS/EHS capability and apply the CM process when any of the following conditions exist:

1. Results of the Consequence Assessment (Requirement 1) indicate there is a credible high-consequence outcome if safeguards are not in place and effective (only applicable to contract modes 1 and 2).
2. Local regulatory requirements mandate a SHEERS/EHS-related assessment.

- Description of trigger(s) for a contractor CM SHEERS Capability Assessment as established for marine-related activities as set forth by the SHEERS Marine Safety, Reliability and Efficiency Standard.

Determining rigor for CM SHEERS Capability Assessment: A fit-for-purpose assessment is needed to determine if a contractor is capable to execute a defined scope of work.

Requirement 4. The CM advisor ensures coordination with P/SCM to determine the level of verification rigor required for the CM SHEERS Capability Assessment based on the contractor’s experience with JO in alignment with Table 2.

Table 2: Level of CM Capability Assessment

Experience type	Definition	CM Capability Assessment type	CM Capability Assessment verification
New to JO	Contractor has not been under an active contract for JO within the last two years	Full CM SHEERS Capability Assessment questionnaire	The full CM SHEERS Capability Assessment questionnaire will be verified in accordance with the business unit’s consequence potential-based assessment process. The business unit’s verification process must be documented.
Enterprise incumbent	Contractor has had a full CM SHEERS Capability Assessment completed and has had an active contract for JO within the last two years	Simplified CM SHEERS Capability Assessment questionnaire	Review the completed full questionnaire to determine what (if any) additional information is needed. The simplified CM SHEERS Capability Assessment questionnaire will be verified in accordance with the business unit’s consequence potential-based assessment process. The business unit’s verification process must be documented.

Designating contractor SHEERS/EHS capability: The SHEERS/EHS capability designation is used to communicate required preparation and contractor readiness before the execution of work.

Requirement 5. The CM advisor shall ensure designation and documentation of the contractor’s SHEERS/EHS capability based on the CM SHEERS Capability Assessment results in alignment with Table 3. The documented SHEERS/EHS capability designation remains in place until performance data has been collected to establish the Work-in-Progress (WIP) rating.

Table 3: CM capability designation

Designation	Description	Special requirements for contractor to start	Score
CM SHEERS qualified	No restrictions	None	≥80

Designation	Description	Special requirements for contractor to start	Score
CM SHEERS qualified with conditions	Contractor has capability gaps; some gaps may need to be closed prior to starting work onsite	The CM business owner shall: Identify improvement actions that must be closed prior to start of work (if any) Work with the P/SCM representative to incorporate these improvement actions into the contract and define "who provides/who pays" relating to action items Verify SHEERS/EHS gap closure for action items designated as needing to be closed prior to the start of work	<80 and ≥50
Not CM SHEERS qualified	Contractor has significant gaps in SHEERS/EHS performance and there is elevated SHEERS/EHS risk to JO associated with awarding work to the contractor	Should not be used. ¹	<50

Notes:

¹ Any exceptions to use non-qualified contractors must be approved by JOC.

3. Pre-work execution

The purpose of the post-contract award activities is to facilitate a successful partnership between JO and the contractor. Collectively, these activities are intended to:

- Understand risks and identify effective safeguards for the contracted work
- Document required SHEERS/EHS and management system bridging agreements
- Define assurance/engagement activities agreed between JO and contractor
- Confirm that hazards, safeguards and metrics are understood by JO and contractor personnel

Assessing contract-specific risk: A risk assessment is conducted to understand the risk associated with the scope of work and considering the contractor's capability to apply effective safeguards.

Requirement 6. The CM advisor, in coordination with the CM business owner, shall ensure a contract-specific risk assessment is conducted based on the scope of work, the context in which the work is to be performed and the contractor's capability to identify and deploy effective safeguards. Results of the contract-specific risk assessment shall be used to inform the CM plan.

Developing a Contractor SHEERS Management Plan: The level of engagement, as well as the type/frequency of safeguard assurance activities captured in the contract-specific CM plan, should be based on the assessed risk (e.g., a more robust plan may be appropriate when the risk level is determined to be high, while less frequent engagement/assurance may be appropriate for lower risk levels).

Requirement 7. The CM business owner shall partner with the contractor management representative (CMR), involve relevant SMEs and the CM advisor to develop and periodically update a contract specific CM plan. The plan shall document the following in a system of record:

1. Improvement actions needed to address contractor SHEERS/EHS capability and/or performance opportunities, both pre-work and on an ongoing basis.

2. Required JO and contractor safeguard assurance activities (e.g., Start Work Checks, Verification and Validation, etc). Safeguard assurance activities may also relate to other SHEERS/EHS processes (e.g., Occupational Hygiene, Environmental, Motor Vehicle Safety). Contractor assurance activities with respect to subcontractors are in scope for the CM plan.
3. Engagement activities and frequency/schedule appropriate for the risk, ongoing contractor performance and as required by the business unit.

Developing a SHEERS/EHS bridging agreement: A documented SHEERS/EHS bridging agreement is required when JO agrees to primarily use the contractor's SHEERS/EHS management system for work performed within JO reporting boundaries (i.e., work conducted in contract mode 2). Use of a bridging agreement for work in contract mode 3 is optional based on contract-specific conditions.

Requirement 8. The CM advisor will ensure coordination with the contractor and other necessary SMEs to develop a documented bridging agreement when JO agrees to primarily use the contractor's SHEERS/EHS management system.

Requirement 9. The CM business owner shall ensure coordination with the P/SCM representative to incorporate the bridging document into the contract or service order as a legally enforceable agreement between JO and the contractor prior to the start of work.

Conducting post-award meetings: Post-award meetings are intended to ensure JO and contractor personnel understand the contract and contractor personnel are familiar with site specific expectations.

Requirement 10. The CM business owner with support from the CM advisor shall ensure a post-award meeting is conducted and documented to familiarize the contractor with the location, facility and personnel, and to ensure mutual understanding of hazards, applicable SHEERS requirements and SHEERS performance expectations.

Managing contractor short-service employees (SSEs): Contractors are expected to use a program to manage SSEs.

Requirement 11. The CM advisor shall ensure that contractors have a program in place to manage workers that have less than three months of full-time work experience in the industry or less than three months in the same trade/craft (i.e., SSEs). The CM advisor shall ensure the contractor's SSE program requirements are assessed against business unit-established requirements.

Incorporating contractor performance measures: Contractor performance measures are intended to reflect the contractor's SHEERS/EHS capability while work is in progress.

Requirement 12. Joint Operations shall measure and evaluate contractor performance. These measurement shall include the elements below with the details as described in Table 4:

1. JO actual serious injury and fatality (SIF) count
2. Assurance activities: The CM advisor will partner with SHEERS Compliance Assurance Advisor to define appropriate scope-based and risk-based assurance activities
3. Follow-up on improvement opportunities: This metric represents whether improvement action items (if any) are completed correctly in a timely manner

The CM Advisor ensures these business unit measures are incorporated into the CM plan.

Table 4: Methodology for assessing contractor SHEERS/EHS performance during WIP

WIP status report					
Category	Weight range	Calculation	Score	Interval	Source
JO actual SIF	15%	Count	Pass (5–15) Fail (0)	Rolling, annual	IIR, SIF dashboard (contractor specific)
JO-determined assurance activities	60%	Percentage of target rate (varying weight)	Business unit-defined targets for each contributing assurance activity	Business unit-defined	JO-defined (contractor specific)
Contractor follow-up on improvement opportunities	25%	Count	Acceptable (100% completed and on time) = full points Needs improvement (any open action items <30 days past due) = half points Unacceptable (any open action items >30 days past due) = zero points	Live	IIR, contractor engagements, qualification action improvement items, safeguard assurance (contractor specific)

Confirming contractor readiness: The intent of the readiness check is to confirm the contractor is ready to start work and that the contractor and JO are partnering to identify and mitigate hazards with effective safeguards.

Requirement 13. The CM business owner shall ensure confirmation of the contractor's readiness prior to the commencement of site activities. At a minimum, the evaluation to confirm contractor readiness includes the following:

1. Contractor personnel are trained and qualified as defined by the contract
2. Contractor personnel have completed general and site-specific orientations
3. Contractor equipment is appropriate for the scope of work
4. Determination of if the contracted scope of work has changed and if the associated hazard assessment(s) need to be reevaluated (if hazards have changed, the type and frequency of assurance activities will be adjusted as necessary)
5. If a bridging agreement is required, all gaps are closed and the bridging agreement is understood by personnel executing the work
6. For contractors that have been designated as 'SHEERS qualified with conditions' or 'not CM SHEERS qualified' with respect to the CM SHEERS Capability Assessment, improvement actions due before start of work have been completed and verified

4. Work-in-Progress (WIP)

The WIP phase supports the Monitor Contract phase in JO's P/SCM Post-Award Contract Management process.

Managing ongoing contractor SHEERS/EHS performance: Ensure safeguards are effectively applied and work is completed without any serious injuries or fatalities, or any other high-consequence potential outcomes.

Requirement 14. During the phase, the CM business owner shall ensure:

1. Completion of identified improvement opportunities by the required due date, assignment of new improvement actions (if necessary) and document in a system of record.
2. Completion of assurance activities as identified in the CM plan and document in a system of record. Assurance activities may be adjusted based on assurance results.
3. Execution of planned engagement/partnership activities with the contractor (document in a system of record and adjust schedules as appropriate).
4. Monitoring of performance to ensure that hazards relating to the scope of work are periodically checked for potential changes. If the scope of work and/or associated hazards have changed or contractor performance lags, engage the right SMEs, reassess the safeguards and consider adjusting the type and frequency of assurance activities as necessary and the documented CM plan is updated to reflect any changes.
5. Monitoring of contractor's actual SIFs and other high-consequence contractor incidents, completion of improvement, assurance and engagement actions and/or activities.
6. Updates are shared with the CM advisor and/or P/SCM regarding changes in contractor work status or contract mode.
7. If applicable, update of bridging documents to manage change in scope of work or contract mode.

Requirement 15. The CM business owner shall ensure a fit-for-purpose CM SHEERS Capability Assessment is performed in partnership with the CM advisor and where applicable P/SCM if any of the following conditions are met during WIP:

1. In the event of a fatality, serious injury or illness or other high-consequence incident (e.g., process safety or environmental) involving a contractor, the SHEERS/EHS capability relevant to the incident shall be reassessed (as applicable in alignment with Incident Investigation and Reporting (II&R) process activities/corrective actions.
2. For new scopes of work involving activities with a credible high-consequence outcome, determine whether the existing CM SHEERS Capability Assessment applies to the new scope of work. If not, assess the contractor's SHEERS/EHS capability to perform the new scope of work.
3. If a contractor's SHEERS/EHS management system has undergone major changes due to contractor change in ownership, the content and applicability of the new/modified SHEERS/EHS management system of the new entity shall be assessed.
4. If the contractor will include subcontractors to execute the work where subcontractor use was previously not applicable.
5. If there is a change in the applicable contract mode.

Precedence of Local Regulatory Requirements

Local regulatory requirements shall take precedence in the event of a conflict between CM Process requirements and local regulations.

5. MEASUREMENT AND VERIFICATION

Measurement

- Percentage of Work in Progress activities completed versus planned
- Percentage of action items from Improvement Actions that are completed by their due date

Verification of process effectiveness

CM process will be included in Non-Operator SHEERS Joint Audits to verify effectiveness of process.

6. REFERENCES

Linkages to other documents

Internal documents

CM is linked to these SHEERS processes and documents:

- Managing Safe Work
- Process Safety
- Management of Change
- Environmental Stewardship
- Incident Investigation and Reporting
- Behavior Based Safety
- Risk Management
- Motor Vehicle Safety
- Compliance Assurance
- Leadership Accountability
- Marine Safety, Reliability and Efficiency

External documents

The CM process uses the following external industry processes and documents:

- IOGP Report No. 423: HSE management – guidelines for working together in a contract environment, April 2017

Chevron and KGOE Documents References

Chevron COEM Process

KPC-HSSE-E07-GE-S01_Contractor and Vendor Management

KGOE Crisis Management

KGOE Short Services Employees

KGOE Public Health Promotion and health announcements

APPENDIXES

APPENDIX A - Roles, responsibilities, and competencies

[JO Roles & Responsibilities](#)

APPENDIX B – Abbreviations & Definitions

[SHEERS CM Abbreviations & Definitions](#)

APPENDIX C - COEM Capability Assessment

[COEM Capability Assessment](#)

Appendix D : SHEERS Contractor Management Workflow

