

EXHIBIT - HEALTH, SAFETY AND ENVIRONMENTAL (HSE) REQUIREMENTS

The contractual requirements in this Exhibit apply both to the Contractor and all Subcontractors, and references to "Contractor" in this Exhibit shall, where the context permits, also be references to Subcontractors. Accordingly Contractor is responsible for ensuring that it and all Subcontractors comply with these requirements.

1. LEADERSHIP AND COMMITMENT

1.1 Commitment to HSE through leadership

Responsibility for HSE shall lie with Contractor's line management. Contractor's top executives shall be personally involved in HSE management. Contractor's commitment to HSE shall be evident at all levels within its organisation, and Contractor's corporate culture shall ensure a positive attitude to HSE issues.

2 POLICY AND STRATEGIC OBJECTIVES

2.1 HSE policy, access and responsibility

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

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

2.2 Contractor's policy on accidents and losses

Contractor's HSE policy shall reflect the Zero mindset as a long-term target

3 ORGANISATION, RESOURCES AND DOCUMENTATION

3.1 Employee contribution

Contractor shall ensure that its Personnel have actual influence on their working situation in matters concerning health and safety.

Sufficient time and resources shall be allowed for the employees to be able to participate during the establishment, follow-up and development of the HSE management system.

3.2 Organisation and communication

Contractor's management shall be involved in HSE activities, and in setting and following up HSE objectives. Contractor's organisation shall facilitate effective HSE management and communication, with particular emphasis on HSE as an integrated element in planning and implementing operations.

3.3 HSE training of managers and supervisors

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

3.4 Personnel HSE induction programme

Contractor shall establish special arrangements for training new employees in relevant local procedures and in any specific hazards inherent in the activity. Contractor shall document all training.

3.5 HSE training programme

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

- * basic industrial HSE
- * Contractor's HSE policy and practice
- * NORSOK standard S-006 Page 15 of 24
- * Company's general HSE requirements
- * NORSOK standard S-006 Rev. 2, December 2003
- * any specific hazards inherent in the activities
- * correct use of personal protective equipment
- * emergency response

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

3.6 Specialised training

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

3.7 Rules, regulations, standards and requirements

Contractor shall document

- * its compliance with Regulations, statutory rules and regulations, and with the Company's contractual requirements
- * the methods used to verify understanding and compliance
- * the overall structure for preparing and updating in-house requirements and procedures
- * the overall structure for making such documents known

3.8 Assessing the suitability of Subcontractors

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

4 EVALUATION AND RISK MANAGEMENT

4.1 Risk Assessment

Contractor shall employ suitable and generally recognised methods for identifying and assessing HSE hazards and their consequences. Contractor shall document these methods.

4.2 Security Management

Contractor shall at all times have implemented security measures which protect Company against relevant threats related to the Work. The level of security shall be flexible and adapted to the relationship between the threat and activities ongoing at any given time. A system shall be in place for handling of classified documents and electronic data.

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

4.3 Sickness absence

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

4.4 Work-related illness

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

4.5 Working environment surveys

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

4.6 Use of overtime

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

4.7 Chemicals

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

4.8 HSE data sheets

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

4.9 Personal protective equipment

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

4.10 Environmental management system

Contractor shall have an environmental management system developed to a level comparable to a recognised international standard, e.g. ISO 14001:1996 or EMAS. Contractor shall ensure that the system is well known by Contractor's Personnel, and actively adhered to.

4.11 Environmental impact assessment and monitoring

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

4.12 Selection of environmentally optimal solutions

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

4.13 The environment and management documentation

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

4.14 Waste management

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

4.15 Environmental properties of chemicals due to be discharged

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

Ecotoxicological data for chemicals shall be provided in the harmonised offshore chemical notification format (HOCNF). This information shall be compiled in accordance with the quality requirements specified in OSPAR's published guidelines for completing the HOCNF.

4.16 Use of potentially environmentally harmful chemicals

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

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

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

For Work performed in Norway:

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

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

4.17 Safety delegates

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

5 PLANNING AND PROCEDURES

5.1 HSE working practices

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

5.2 HSE programme

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

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

In addition, the HSE programme shall

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

Contractor shall submit the HSE programme Company and Company's employee representatives for review in accordance with agreed milestones. Company shall be notified of possible changes to the programme.

5.3 Equipment control and maintenance

Contractor shall have documented systems in place which ensure proper maintenance and calibration as well as suitability of tools and equipment used by its Personnel when performing the work at its premises, on site or at any other location.

5.4 Emergency preparedness

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

6 IMPLEMENTATION AND MONITORING

6.1 Supervision and monitoring of work activities

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

6.2 History of undesirable events/hazardous conditions

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

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

6.3 Reporting events with a high loss potential

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

6.4 Reporting personnel injuries

Contractor shall notify Company of any personal injury suffered by Contractor's Personnel. Direct and underlying causes shall be specified.

6.5 Incident follow-up system

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

6.6 Occupational health

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

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

6.7 HSE performance indicators

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

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

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

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

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

Hours worked shall be specified as follows: a) total number of hours worked on the Agreement in the period, b) direct and indirect construction hours, including supervision and fabrication, but excluding engineering hours. Off-site construction and installation work performed by Subcontractors which amount to more than 10 000 hours shall also be reported.

6.8 Handling non-conformances

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

6.9 Experience transfer

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

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

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

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

6.10 Investigation and reporting of major incidents

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

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

7 AUDITING AND REVIEWING

7.1 Auditing and reviewing

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