

SHE Non-Compliance in Contracts Managed by CEM

(Version 3)

Date: 20th May 2019

Introduction

CEM is committed to the overall objective of ZERO ACCIDENTS not only in its own activities but also in those performed by its Contractors. As such, CEM requires that Contractors fully comply with the prevailing health and safety legislation and best practices, as well as with the specific health and safety contract requirements. In regard of the importance that such compliance has for CEM and to foster contractor's awareness and commitment to the above objective, a set of rules as described hereafter, shall apply to any contract celebrated with CEM if applicable.

Breach of safety obligations

The Contractor in control of the site is responsible for presiding and maintaining safe working and environmental conditions for workers and visitors.

Contractors that deliberately failed to comply with the Safety & Health and Environmental (SHE) requirements namely personal safety (use of PPE, work safety conditions, installations hygiene/housekeeping, human behavior), installations safety (working installations and working preparations) as well as equipment safety (machine guards, earthed appliances, fire extinguishers) without reasonable justification commit SHE non-compliance are liable to administrative charges in accordance with the attached list of "Fines/Penalties for SHE Non-Compliance".

For breach of SHE Obligations that resulted to an accident/incident, regardless of whether it causes any damages or injuries, and when proven to be attributable to the Contractor, CEM has the right to immediately interrupt or to terminate the contract and to be reimbursed of the total amount required to re-establish the situation, repair the damage and put the equipment in service. Depending on the severity, CEM has the right to apply a penalty between MOP50,000.00 to MOP250,000.00 on the Contractor.

Application of Fines/Penalties

Whenever a breach is observed, CEM informs the Contractor verbally and in writing of the particular breach and sets a time limit for its rectification.

At the same time, CEM reserves the right to apply fines/penalties and the Contractor will receive written notification for the respective fines/penalties.

The fine/penalties will be deducted in any moneys due or to become due by CEM to the Contractor.

Use of Collected Fines/Penalties Values

The purpose of applying fines/penalties is to create awareness and, consequently, a safer and healthier work environment. Therefore, the monetary values accumulated shall be applied back into the system in the form of promotional actions such as training, posters, or the purchase of elementary personal protective equipment (safety helmet, safety shoes, eye protection, reflective vest, etc.) which are then given directly to the workers/Contractor or donation to nonprofit organizations in Macau SAR.

Fines/Penalties for SHE Non-Compliance

| Item | Non-Compliance | Amount per single Incident/Accident (MOP) |
|------|---|---|
| 1 | Safety harness not being used properly when working at a level liable falling from a height of 2 meters or above | 2,000 |
| 2 | Eye protection not being worn when carrying out cutting, welding, drilling and concrete breaking | 1,000 |
| 3 | Ear protection not being worn when carrying out noisy work within the ear protection zone | 1,000 |
| 4 | Substandard working platform in use while working at a level liable falling from a height of 2 meters or above | 3,000 |
| 5 | Use of "A" ladder or ladder like as working platform while working at a level liable falling from height of 2 meters or above | 3,000 |
| 6 | No protective fencing provided at open edge of working place | 2,000 |
| 7 | Protective guarding not in place or not functioning properly for revolving part of the machine | 1,500 |
| 8 | Objects stored in a way with falling risk from a height of 2 meters or above | 3,000 |
| 9 | Safety switch or emergency stop device not being provided or not functioning properly on the bench circular saw or steel-bending machine | 1,500 |
| 10 | Substandard electric appliance in use or installation (including non-weather proof plug and socket, non-industrial wire, non-insulated transformer, wire connection and without earthing) | 1,500 |
| 11 | Proper respirators not being worn when carrying out work which generates dust or chemical fumes | 1,000 |
| 12 | Proper fall arrestor devices not provided while working at open edge | 2,000 |
| 13 | Using substandard safety helmet or safety shoes or reflective vest | 1,000 |
| 14 | Lifting appliance or lifting gear not examined in compliance with statutory requirement before being put in use | 3,000 |
| 15 | Safety latch is missing, not fixed or malfunctioned on hook of crane | 1,500 |
| 16 | Flash Back Arrestor not in place on oxy-acetylene cylinders or the regulator not functioning properly | 1,500 |
| 17 | Oxy-acetylene cylinder in use not secured in an upright position or cylinder stored haphazardly | 1,500 |
| 18 | Rest areas and/or workplaces not tidied up | 1,500 |
| 19 | Absent from Weekly Inspection or Monthly Safety Meeting | 1,500 |
| 20 | Unsafe lifting operation | 1,500 |

| Item | Non-Compliance | Amount per single Incident/Accident (MOP) |
|-------------|--|--|
| 21 | Urinating not in a designated hygiene facility | 2,500 |
| 22 | Inflammable material and/or dangerous chemical not stored properly or a secondary container not provided while in use. | 3,000 |
| 23 | Smoking at designated non-smoking areas. | 3,000 |
| 24 | Drinking of alcoholic beverages. | 1,500 |
| 25 | Failure to correctly place traffic signage and protect trenches and provide crossings, etc. according to statutory requirement. | 2,500 |
| 26 | Unsafe storage of materials or materials stacked at a height of 2 meters or above. | 2,000 |
| 27 | Not properly implement entire or part of the Project Safety Plan | 2,500 |
| 28 | Not properly implement entire or part of the Fire Safety Plan | 2,500 |
| 29 | Failure to provide proper and safe access and egress. | 1,500 |
| 30 | Causing fire on site. | 5,000 |
| 31 | Failure to provide and/or display valid statutory certificate. | 2,000 |
| 32 | Destroy and/or damage any of the fire-fighting or safety facilities. | 3,000 |
| 33 | Appointment and/or employ unskilled or untrained person to operate mechanical or electrical machinery and/or equipment. | 3,000 |
| 34 | Failure to provide sufficient and reasonable safety device(s) on plant and machinery that is (are) described in Contract and/or Project Safety Plan and/or Project Manager advice. | 3,000 |
| 35 | Failed Alcohol Breath Test (BrAC > 0.24mg/l) | 2,000 |
| 36 | Life jacket not being worn when carrying out the works close to the water and/ or on the workboat. | 1,500 |
| 37 | Breach of SHE Obligations | 50,000 – 250,000 |