EHS Contract Clause

Rev. 02; Release dt. 23-Oct'26

1. Environment Health and Safety ("EHS") (This clause shall be applicable only to Contractors who are supplying the goods and performing the site services or who are performing the site services only at Purchaser's site or Purchaser's customer site, or both) –

1.1. The Contractor shall:

(a) give the highest regard to EHS to avoid any injury to any person and damage to any property and environment and shall be fully accountable for compliance with SEIL Health, Safety and Environment (EHS) & Quality standards at all times.

(b) ensure that the management of EHS is an integral and visible part of its work planning and execution processes, with named responsible people and clear lines of accountability documented and communicated to SEIL prior to mobilization.

(c) strive for continuous improvement of its EHS performance; by implementing Siemens Energy India Limited 6-point contractor management program, including any subsequent SEIL updates, and maintaining objective evidence of implementation (e.g., plans, records, KPIs) available for SEIL review upon request.

(d) obtain Purchaser's EHS Policy, understand and implement the applicable content of this policy.

(e) follow all applicable requirements of Purchaser's EHS policy.

(f) monitor and evaluate its EHS performance to effectively take such actions as appropriate to rectify or improve its overall EHS performance; such actions shall include timely corrective and preventive actions ("CAPA") with designated owners, due dates, and effectiveness checks.

(g) ensure that it is aware of and complies with all latest applicable central and state specific EHS laws, rules and regulations and any EHS requirements of the Purchaser in force from time to time, including SEIL's quality and safety requirements referenced in the Purchase Order/Contract.

(h) Ensure that in case Purchaser produces a safety and health documentation for the site (e.g., EHS Plan, HIRA, SWMS, LMRA, TBT, EHS assessment report & Contractor evaluation report etc.) and provides Contractor with a copy of the EHS Plan or EHS document, the contractor shall confirm receipt thereof in writing and comply with the regulations contained therein. The same shall apply to updates of the EHS Plan which Purchaser may produce as it deems necessary. Contractor shall ensure that its direct and indirect subcontractors employed to perform the Works commit themselves to the EHS Plan and its updates. The Contractor shall commit to this clause to avoid any health & safety injury to any persons who are legally on the work site including personnel, Purchaser's personnel and visitors and prevention of environmental pollution. Prior to start of the Project, the Contractor shall cascade all SEIL EHS applicable requirements to its people and retain accountability for their compliance.

1.2.a. Specific Requirements for Siemens Energy India Limited locations:

Without limiting the foregoing, the contractor shall, when working on Purchaser's or project sites:

(a) ensure that hazardous materials, including those it is required to handle, are collected, stored, disposed of or recycled in an environmentally sound manner and in accordance with legal requirements.

(b) appoint competent and experienced persons at the Purchaser's or its customer's premises, who are trained for firefighting, safety in their job and make their training record available to Purchaser immediately upon request and take part in safety discussions regularly arranged by Purchaser. Deploy a qualified Site EHS Officer at every worksite and nominate an Incident Owner for reporting, handling and investigating such incidents.

(c) establish and maintain a site EHS plan and emergency response plan to deal with unforeseen events, such as natural calamities, incident but not limited to fire and explosion and carry out periodic drills with the involvement of its relevant employees; the plans shall be submitted to SEIL for approval prior to start of project.

(d) Prior to starting work, medical fitness of the workmen is conducted and only medically fit persons are deployed for work. Ensure all workers and supervisory staff are covered under necessary insurance policies related to illness and injuries. Attend and ensure all of its employees and contractors attend site specific safety inductions, Toolbox Talks and discuss and clarify with the Purchaser, its EHS policy and requirements. Maintain verifiable records of induction, training and medical fitness of each individual worker and produce them to SEIL on request.

(e) ensure that a system of Permit to Work is followed and the requirements contained therein are fulfilled.

(f) ensure all PPE complies with Indian standards (IS), central and state specific EHS laws, rules and regulations and Purchaser's EHS requirements.

(g) when performing height work, explore & prefer the use of safe access equipment such as man-lifter, cherry picker, scissor lift etc. ensure the use of metal scaffold and the provision and use of lifeline, fall arrestor, full body harness and safety helmet, ensure constant supervision of the work being carried out at height and provide for secondary protection from falls.

(h) ensure safe access and egress & safe work environment like illumination & ventilation to at the site.

(i) ensure that purchaser's EHS processes such as risk assessment, Critical-To-Safety & Health, Safety Essentials, 6 Golden Rules of Electrical Safety, Permit-to-Work, Contractor Qualification & on-site Evaluation, UA UC reporting, Request-for-quotation (RFQ), Training, reporting of unsafe work practices/situations, incident reporting etc. are implemented in letter & spirit to ensure safe work practices. Contractor shall integrate SEIL quality checkpoints into job control (pre-job brief / LMRA / PTW) and retain records.

(j) before the start of any task the contractor will submit and discuss with Purchaser's approved method statement and HIRA: And the Contractor personnel shall implement HIRA & SWMS as approved and shared by Purchaser's official. No task shall commence without SEIL-approved HIRA/SWMS; deviations require prior written approval from SEIL.

(k) ensure that necessary Personal Protective Equipment ("PPE") is provided in accordance with Siemens Energy India Limited recommended specifications & suiting to nature of work. and used appropriately including other safety equipment and tools / tackles as required for the job

(l) Contractor to ensure adequate stock of Tool / tackles & PPEs. Contractor to ensure that the Tool / tackles & PPEs in use are inspected periodically to verify its healthiness & to serve its purpose. The PPEs in store to be checked for their shelf life on a periodic basis to prevent use of expired PPEs.

(m) ensure that Central Government & State/Local Government rules with respect to the motor vehicle are followed at all times when its vehicles are on Purchaser's premises & during commuting to workplace.

(n) Ensure that necessary safety signages are displayed, competent & authorized people are deployed at the workplace, e.g. licensed electricians/supervisors, certified scaffolders, certified welders, certified workers for height work, licensed drivers, authorized machine and equipment operators, etc. Strictly follow trade validation process before deployment and maintain records. Measures are taken to barricade unprotected edges, open pits/tanks, high voltage testing, suspended load operations, etc.

(o) In case of any incident/accident, contractor shall follow the protocol below on communicating the information, reporting, investigation, immediate support to victim and his/her family members/next kin:

i. Immediately notify SEIL of any Near-Miss, First Aid case, Medical Treatment Case, Lost Time Injury, Fatality, Environmental Incident, significant property damage, theft or business interruption (and in any case within the notification timelines as specified in table below).

Incident type	Protocol to communicate the informat	Mode
Serious incident*	Brief description on what, when (time), who, injuries/damage to environment or property, first aid treatment, hospitalization within **15 minutes** from the time of incident for Fatality and **30 minutes** for rest of the incidents as mentioned below.	Phone call & Text SMS / WhatsApp message to respective SEIL site/factory manager (as the case may be). Contractor to immediately provide a formal email to SEIL after the initial notification.
*Fatality, LTI, MTC - injuries requiring referral (external treatment at the Hospital), HiPo near misses, significant environmental incidents, dangerous occurrences, fire.		
Medium incidents**	Brief description on what, when (time), who, injuries/damage to environment or property, first aid treatment, hospitalization within **60 minutes** from the time of incident.	Phone call & Text SMS / WhatsApp message to respective SEIL site/factory manager (as the case may be). Contractor to immediately provide a formal email to SEIL after the initial notification.
** First Aid cases, Near miss incidents, non-significant environmental incidents and theft.		

ii. Parallel to information shared with SEIL of any lost time or fatal incident, the contractor shall immediately inform the next kin or family members, arrange for their transport, accommodation and all necessary support including monetary.

iii. Provide immediate support in hospitalization and treatment of the victim.

iv. The Contractor shall notify the applicable legal authorities within the prescribed time limits and format as per relevant central and state specific Act/Rules.
v. The contractor shall support and provide any information/ documents during any additional investigation conducted by the Purchaser/SEIL or the authorities.
vi. Conduct incident investigation and Root Cause Analysis (RCA) by self or engage authorized external agency. RCA submission to SEIL is mandatory for cases of Lost time injuries and fatalities. RCA shall use a recognized methodology (e.g., 5-Why / Fault-Tree / Fishbone/etc.) and include evidence, contributory factors, and verified root causes.
vii. Define, implement and sustain CAPA to address immediate and systemic causes. CAPA shall specify owners, due dates, risk-based prioritization, and verification of effectiveness; sustainment checks (e.g., 30/60/90-day) shall be documented and shared with SEIL.
viii. Record incidents and CAPA in the SEIL-designated system(s) and support SEIL audits, verifications, lessons-learned and communications.

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(p) Ensure that all vehicles used for transportation & material handling equipment are fit for use and have valid certifications. Use of first-generation hydra crane or any other equipment as notified by the Purchaser is prohibited. Operators of vehicles and machines have valid licenses, are competent & trained, including helpers.

(q) Notwithstanding the above, the contractor acknowledges that the Purchaser may communicate from time to time certain additional or amended requirements with respect to EHS to be met by the contractor on Siemens Energy India Limited sites. The Contractor agrees to comply with such requirements such that non-compliance shall attract the provisions of clause 20 (of 'Conditions of Purchase') on deductions from the deposit and the corresponding bonus for zero violations as stated in clause 1.3.d of this document. Contractor shall ensure prompt internal communication and implementation of such requirements across its workforce and provide evidence of compliance upon SEIL request.

1.2.b. Transportation of Contractor Personnel

The Contractor shall be solely responsible for the safe transportation of its employees, workmen, agents, representatives and subcontractor personnel to and from the Site and between work locations.
The Contractor shall ensure that:

i. personnel are transported only in roadworthy vehicles that are duly registered, insured, maintained and licensed for the carriage of passengers in accordance with applicable laws;
ii. transportation of personnel in cargo areas, goods carriers, pickup load beds, tractor trolleys or any vehicle not specifically designed, approved and licensed for passenger transportation is strictly prohibited;
iii. the number of occupants in any vehicle does not exceed the seating capacity permitted by the relevant statutory authority and each occupant is provided with a designated seat;
iv. all vehicles used for transportation of personnel possess valid registration certificates, fitness certificates, permits, insurance policies and any other approvals required under applicable law;
v. all drivers possess valid driving licences, are medically fit, competent and duly authorized to operate the relevant class of vehicle;
vi. periodic inspections of vehicles are undertaken, and appropriate records of such inspections are maintained;

vii. transportation arrangements comply at all times with applicable motor vehicle, road safety and labour laws; and

viii. any transportation-related incident, accident, near miss, traffic violation or unsafe condition affecting the safety of personnel is reported to Purchaser in accordance with Clause 1.2.a(o).

The Contractor shall maintain records relating to vehicles, drivers, statutory compliances and vehicle inspections and shall make such records available to Purchaser upon request. Purchaser shall have the right to conduct audits and inspections of the Contractor's transportation arrangements and related records at any time.

Any transportation-related non-compliance identified through audit, inspection, incident investigation or review of statutory records shall constitute an EHS non-compliance and shall be subject to the consequences and penalties set out in Clause 1.3, commensurate with the nature and severity of the violation.

Any transportation-related fatality, permanent disability, Lost Time Injury (LTI) or serious injury involving transportation arranged by the Contractor shall constitute a Serious Incident and be handled in accordance with Clause 1.2.a(o). If such incident results from the Contractor's non-compliance with applicable law, transportation requirements or this Contract, Purchaser may apply the remedies and penalties set out in Clause 1.3. Contractor-attributable fatalities shall be subject to the fatality-related consequences and penalties under Clause 1.3.

1.3. Non-Compliance of EHS

a. The Contractor acknowledges and agrees that the Purchaser places great importance on EHS and has zero tolerance for any non-compliance with the Purchaser's EHS requirements including without limitation any breach of the requirements of this clause.

b. Within 14 days of the date of order, Contractor agrees to pay vide demand draft or unconditional Bank Guarantee made in favour of the Purchaser an amount of 2.5% of the value of the service order/portion as an EHS Deposit to secure compliance with the EHS requirements set out in this order. In case value of the service order/portion is not defined separately (for cases where there is single order for goods & services) the Purchaser shall decide the amount for service portion of the order to which the 2.5% deposit is applicable. The EHS deposit shall be interest free and refundable only after successful completion of the Guarantee Period, subject to necessary deduction and adjustment shall be done as per the penalty clause defined in the subsequent tables below. Alternatively, Contractor agrees that SEIL may retain up to 5% of invoice value as retention towards EHS compliance and adjust penalties as per the applicable penalty matrix/GCC; balance (if any) may be released as per milestone/closure conditions.

b. i. Violation-Based Escalation Penalties

Violation Count	Possible consequences and actions	Penalty Range (INR)
1st Violation	Verbal/written warning; toolbox counselling; temporary stop-work	**0 – 1,000**
2nd Violation	Formal written warning; meeting with contractor supervisor at site/factory; temporary stop-work; re-induction of worker	**1,000 – 5,000**

Violation Count	Possible consequences and actions	Penalty Range (INR)
3rd Violation	Temporary stop-work; penalty; repeated violation consequences – to be decided by site/factory manager in consultation with site/factory EHS officer/manager.	**5,000 – 25,000**
4th Violation	Stop-work; Contract suspension/workforce removal, or termination; blacklisting possible	**Up to 0.5% of Contract Value**

b. ii. Severity-Based EHS Penalties (High-Risk Deviations)

Severity Category	Violations examples (for reference only)	Penalty Range (INR)
Minor Violations	Not wearing non-critical PPEs like hand gloves / goggles while at work, etc.	**500 – 2,000**
Medium Violations	Unsafe act with medium risk, e.g., poor barricading, tool misuse, etc.	**2,000 – 10,000**
High-Potential Violations (HiPo)	Not anchoring while work-at-height, building/using unsafe scaffold, electrical tapping, not using electrical PPEs, etc.	**10,000 – 50,000**
CTSH (Critical-To-Safety-&-Health) Deviation	Critical controls bypassed; PTW violation; deviation from approved work methodology.	**25,000 – 100,000**
Transportation Safety Deviation	Use of unapproved vehicles for personnel transportation, transportation of personnel in cargo areas or goods carriers, overloading beyond permitted capacity, deployment of unlicensed drivers, operation of vehicles without valid statutory certifications, or any other material breach of Clause 1.2.b.	**10,000 – 100,000**

b. iii. Incident-Based Penalties

Incident Type	**Mandatory actions and possible consequences** (If investigation finding indicates contractor guilty/negligent)	Penalty Range
High Potential Near Miss (HiPo NM)	Safety stand-down; mandatory RCA + CAPA	**10,000 – 100,000**

Incident Type	Mandatory actions and possible consequences (If investigation finding indicates contractor guilty/negligent)	Penalty Range
First Aid Case (FAC)	Safety stand-down; Counselling + warning; CAPA submission	**1,000 – 5,000**
Medical Treatment Case (MTC)	Safety stand-down; Contractor RCA; Business level review with SEIL; CAPA	**0.2% – 0.5% of Contract Value (CV)**
Lost Time Injury (LTI) or Permanent Disability	Immediate suspension of work; Safety stand-down; Regulatory reporting; Full RCA by contractor (contractor to deploy authorized agency); Contractor blacklisting after review; Other consequences – to be decided by SEIL management	**1% – 5% of CV**
Fatality (Contractor-attributable)	Immediate suspension of work; Safety stand-down; Contract termination; blacklisting; regulatory reporting; mandatory corporate-level RCA by SEIL + Full RCA by contractor (contractor to deploy authorized agency).	**10% of CV**

b. iv. Systemic Non-Compliance Penalties

Non-Compliance	Action / Penalty
Hide/Failure to report an incident or misrepresentation of facts related to incident.	Escalation to corporate SEIL EHS & SCM; ₹25,000 – ₹50,000;
Failure to submit RCA, CAPA, investigation reports within stipulated timelines	Escalation to corporate SEIL EHS & SCM; ₹10,000 – ₹50,000;
Repeated non-compliance / recurring pattern	Escalation to corporate SEIL EHS & SCM; up to 5% retention deduction; potential termination.
Failure in safety supervision / untrained manpower	Suspension of activity; Penalty + removal of manpower.
Equipment non-certification (Hydra, cranes, lifting tools)	Immediate stop-work + ₹10,000 – ₹50,000 penalty
Failure to comply legal requirements related to labor laws & BOCW/Factory act	Issue of show cause letter by SEIL + ₹10,000–₹50,000 penalty; other consequences actions as per SEIL management decision.

c. If the Contractor fails to comply with the Purchaser's EHS requirements as notified or updated from time to time, including breach of the clause 20 (of 'Conditions of Purchase') the Purchaser may, at its sole discretion, without prejudice to any other rights of the Purchaser including termination/ suspension of the contract, deduct from this EHS Deposit or any amounts otherwise due/payable to the Contractor under this or any other order/Agreement/Contract with the Contractor for each non-compliance, up to an amount of 5% of the value of the service order/portion. Non-compliances include, without limitation: failure to immediately notify SEIL of incidents; failure to submit preliminary/detailed investigation reports within stipulated timelines; inadequate or delayed RCA; failure to implement CAPA as committed; and failure to demonstrate sustainment/effectiveness of CAPA.

d. The Purchaser will periodically evaluate the EHS performance of the Contractor and at its own discretion reward the Contractor for the project duration in which there are zero violations of the Purchaser's EHS requirements including without limitation to:

i. Zero Fatalities
ii. Zero permanent disablement and
iii. Zero reportable accidents
iv. Green rating of EHS performance
v. Fulfilment of applicable labour compliance (to be verified by SEIL PM/Factory manager)
vi. Compliance to applicable statutory EHS compliance (to be verified by SEIL site/factory EHS officer/manager)

Also, matrix as mentioned in table below (amount recommended **INR 500,000** or 1% of OV) may be implemented on yearly basis to promote good EHS performance of the contractor (consistent green rating for two consecutive years). Pro rata bonus payments are permissible. Or on pro-rata basis, as decided by SEIL Execution Unit (EU) head in consultation with SEIL EU EHS Head.

S. No.	KPI	Criteria / Evidence	Weightage
(i)	Site kick off meeting done & action points completed	MoM signed off and action points signed off by SEIL EHS Officer	20%
(ii)	UAUC / Near miss reporting	Unsafe observation reporting of at least 20/month (for < 10 workers)/ 50/month (for 10-50 workers)/ 100/month (for >50 workers), verified by SEIL EHS officer	20%
(iii)	No reportable incident	During entire duration of the contract	20%
(iv)	Contractor supervisor & EHS officer available and SITRUST trained	Confirmation by SEIL site Manager	20%
(v)	Contractor EHS performance score > 8.	Evaluation by using defined 12point checklist	20%

e. Contractor shall undergo periodic EHS performance evaluation by the purchaser and must score a minimum score of 6.5 on scale of 10. If the score is below 6.5, the contractor will be barred from new orders. Contractor shall regularly monitor compliance with statutory and contractual EHS provisions by sustaining a healthy EHS performance evaluation score and conducting safety tours on the site. In due time before a safety tour, Contractor shall invite Purchaser to participate in the tour. In case Contractor discovers non-compliance with EHS provisions, it shall restore compliance without undue delay. SEIL may require independent verification/validation of closure for high-risk findings/incidents.

f. Upon Purchaser's request, Contractor shall grant Purchaser access to all documents related to health and safety connected with the Works. This includes access to investigation records, evidence, CAPA trackers, training/competency records and sustainment checks.

g. The rights of the Purchaser under this clause are in addition to all other rights and remedy of the Purchaser.

h. Without limiting any other rights, the Purchaser may have, the Purchaser may suspend the Contractor immediately or terminate the Agreement for any violation of EHS requirements. Purchaser reserves the right to bar any Personnel from the site for security, health and safety reasons. Serious/repeated violations, or any Contractor-attributable LTC/Fatal incident, may result in contract termination and/or blocking for future orders, with reinstatement only after documented mitigation and SEIL approvals as per Business/Country EHS governance.

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