

Engineering Procedure

02 December 2024

SAEP-381

Project Quality Issue Escalation Process

Document Responsibility: Project Quality Standards Committee

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Summary of Changes

Paragraph Number		Change Type (Addition, Modification, Deletion, New)	Technical Change(s)
Previous Revision 03 January 2023	Current Revision 02 December 2024		
3.1	3.1	New	Added SAEP-43 & SAEP-1026 references
4.1	--	Deletion	Removed APM: Asset Performance Management
4.2	4.2	New	Added Project Quality Leader (PQL) and SAIR definitions
5.1.2	5.1.2	Modification	Modified the paragraph by adding "quality documents/records and/or"
6.1.7	6.1.7	Modification	Modified Appendices to D1, D2, and D3.
6.2.1.1	6.2.1.1	Addition	Added PQL agreement for minor violations
6.2.1.1	--	Deletion	Delete Exception: For INCR (for all violation categorizations), Project Inspection Unit Supervisor agreement with first ACD is required (within 90 calendar days)
6.2.3	6.2.3	Modification	Modify to include SAIR approval for procurement minor INCR and ACD for escalated quality notification shall not be extended.
6.2.3	--	Deletion	Delete Commentary Note: During the full life cycle of any type/category of quality notifications except INCR, it is permitted to utilize the option of ACD extension only once right after the first ACD (if it is justified and approved by the right authority)
--	6.2.4	New	Added new paragraph "The Project Quality Manager (PQM) has the authority to escalate INCR/...."

Paragraph Number		Change Type (Addition, Modification, Deletion, New)	Technical Change(s)
Previous Revision 03 January 2023	Current Revision 02 December 2024		
--	6.2.5	Addition	Add PQL authority to revise LBE violation degree
	6.5.2	New	Added new paragraph "For minor violations, the maximum escalation category shall be WS, while for moderate/major violations, the maximum escalation category shall be DWS3".
--	7.5	New	Added SAIR Responsibilities
7.5	7.6	Modification	Modified Project Inspection Field Supervisor to Project Inspection Quality Leader (PQL)/Field Supervisor.
Appendix B	Appendix B	New	Add note: 1- The decision on the first ACD shall be based on the INCR category in accordance with paragraph 6.2.1. 2- For minor and moderate procurement INCRs, the escalation will be to SANCR.
Appendix D	Appendix C	Modification	Examples of Violations and Escalation Steps
Appendix D	Appendix C , S/N 4	Modification	Added SAEP-43, and SAEP-1026
Appendix D	Appendix C , S/N 6	Modification	Added commentary note
Appendix D	Appendix C , S/N 19	New	Added "Usage of unapproved facility or location to start valve testing, coating, Piping /structural fabrication, Concrete Pre-cast, and calibration"

1	Scope										
1.1	<p>This procedure establishes the instructions for categorization and escalation of unresolved quality issues in Saudi Aramco capital projects starting from the project proposal phase towards the final Mechanical Completion Certification Signatory or to the final closure of all contractor and PID’s quality notifications.</p> <p><i>Note:</i> <i>During the project engineering stages including the Project Proposal and Detail Design phases, this procedure is applicable for the quality compliance with the quality procedural requirements such as the approved contractor quality plan/manual as well as the contractual quality obligations.</i></p>										
1.2	<p>The purpose of this procedure is to:</p> <ul style="list-style-type: none">• Implement a consistent method for escalating quality issues including Internal Non-conformance Reports (INCRs), Logbook Entries (LBEs), Saudi Aramco Non-Conformance Reports (NCRs), Worksheets (WSs) and Delinquent Worksheets (DWSs), as defined in Appendices A-1, A-2, and A-3, “Quality Issues Reporting Process.”• Clearly define the corporate process for project quality issue escalation including its documentation, requirements and definition of violation categories, systems and procedures.• Ensure roles and responsibilities for project quality issue escalation are well defined and auditable.										
1.3	<p>The intent of quality issue notification is to report and record quality or technical deficiencies, determine the root cause of the problem, record the actions taken to correct non-conformities, avoid recurrence, and enhance overall project quality.</p>										
1.4	<p>This SAEP does not apply to:</p> <ul style="list-style-type: none">• C1 projects managed by Proponent (Construction Agency) as defined in SAEP-68.• Escalation of non-conformities identified by Inspection Technical Support Division (ITSD) during assessments of Operation Inspection Unit (OIUs) in operating facilities.• Deficiencies noted during internal assessments by the Inspection Department.• The categorization and the escalation of engineering review comments managed by eReview System, Comment Management System (CMS), and SAEP-303 (Engineering Reviews of Project Proposal and Detail Design Documentation).										
2	Conflicts and Deviations <p>Any conflicts between this document and other applicable Mandatory Saudi Aramco Engineering Requirements (MSAERs) shall be addressed to the EK&RD Manager.</p> <p>Any deviation from the requirements herein shall follow internal company procedure SAEP-302.</p>										
3	References <p>All referenced specifications, standards, codes, drawings, and similar material are considered part of this Engineering Procedure to the extent specified, applying the latest version, unless otherwise stated.</p>										
3.1	Saudi Aramco References Saudi Aramco Engineering Procedures <table><tr><td>SAEP-43</td><td>Lay-up and Preservation Methods</td></tr><tr><td>SAEP-148</td><td>Mandatory Engineering Standards and Codes for Non-industrial, Public, and Government Facilities</td></tr><tr><td>SAEP-302</td><td>Waiver of a Mandatory Saudi Aramco Engineering Requirement</td></tr><tr><td>SAEP-385</td><td>Preservation of Project Materials and Equipment</td></tr><tr><td>SAEP-1151</td><td>Inspection Requirements for Contractor Procured Materials and</td></tr></table>	SAEP-43	Lay-up and Preservation Methods	SAEP-148	Mandatory Engineering Standards and Codes for Non-industrial, Public, and Government Facilities	SAEP-302	Waiver of a Mandatory Saudi Aramco Engineering Requirement	SAEP-385	Preservation of Project Materials and Equipment	SAEP-1151	Inspection Requirements for Contractor Procured Materials and
SAEP-43	Lay-up and Preservation Methods										
SAEP-148	Mandatory Engineering Standards and Codes for Non-industrial, Public, and Government Facilities										
SAEP-302	Waiver of a Mandatory Saudi Aramco Engineering Requirement										
SAEP-385	Preservation of Project Materials and Equipment										
SAEP-1151	Inspection Requirements for Contractor Procured Materials and										

	Equipment
SAEP-1026	Lay-Up and Preservation of Steam Generation Systems

Saudi Aramco Engineering Standards

SAES-A-007	Hydrostatic Testing Fluids and Lay-up Requirements
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Saudi Aramco General Instruction

GI-0002.710	Mechanical Completion and Performance Acceptance of Facilities
GI-0202.309	Classification of Costs – Turnover Stage of Facilities

3.2 Other References

Project Quality Requirements

Schedule Q	Project Quality Requirements
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4 Terminology

4.1 Acronyms

ACD:	Agreed Completion Date- the date which the violation notification will be closed upon completion of the required corrections and corrective actions for the reported violation fully.
DWS:	Delinquent Worksheet - Mechanism to escalate unresolved/overdue Worksheets
CQP:	Contractor Quality Personnel
CQR:	Contractor Quality Representative
EK&RD:	Engineering Knowledge and Resource Division
EPM:	Enterprise Project Management
ES:	Engineering Services
GI:	General Instructions
ID:	Inspection Department
IEU:	Inspection Engineering Unit
INCR:	Internal Non-Conformance Report (Issued by contractor)
LBE:	Logbook Entries (First level of reporting quality deficiency using Manual Logbook or the Quality Management Information System, QMIS/EPM).
MCC:	Mechanical Completion Certificate
MPCS:	Mechanical Performance and Close-out System
MSAERS:	Mandatory Saudi Aramco Engineering Requirements
NCR:	Non-conformance Report (Issued by Saudi Aramco through quality management module such as EPM).
PID:	Project Inspection Divisions (Under ID)
PMCC:	Partial Mechanical Completion Certificate

PM:	Project Management
PQM:	Project Quality Manager
QMIS:	Quality Management Information System (also known as electronic Inspection Logbook).
SAPMT:	Saudi Aramco Project Management Team
WS:	Worksheet (Mechanism to report project major violations, repeated moderate violations or escalating overdue NCRs as stipulated in this Procedure).

4.2 Definitions

Non-conformities Escalation:	A structured mechanism to progressively escalate unresolved quality and technical deficiencies to the concerned management.
Project Sponsor:	An executive or a member of Management, appointed by the Proponent organization, who is accountable for meeting project objectives and steering the Integrated Project Team (IPT) towards maximizing investment value.
Project Quality Manager (PQM):	The senior Inspection Representative responsible for coordinating all inspection requirements on behalf of the Inspection Department with Project Management throughout all project phases.
Project Quality Leader (PQL):	PQL is assigned for small/medium or group of small projects.
SAIR:	Saudi Aramco Inspection Representative to monitor vendor inspection activities.
Repeated Violation:	A non-compliance of the same reference of MSAER, industry standards, project specifications, or contract requirements with the same root cause which indicate a gap or failure in certain quality process/system, repeated within six (6) months period and shall be recorded in accordance with <u>Section 6.4.3</u> .
Technical Deficiencies:	Non-compliance to any MSAER or project specifications.

5 Violation Categories

5.1 Major (If any one of the following applies)

5.1.1 Violations of company standards including GIs that put the quality and integrity of the facility including its workers and equipment at risk.

5.1.2 Actions that violate the corporate values and business ethics by submitting forged quality documents/records and/or counterfeit materials.

5.1.3 Repeat of Moderate violations in accordance with paragraphs 6.5.4 and 6.5.5.1.

5.2 Moderate (If any one of the following applies)

5.2.1 Any violation to MSAER, project specifications and approved IFC drawings that if the next phase of work (critical path) is continued without correcting the violation, the integrity of the next phase will be jeopardized. Such violation if not corrected in a timely manner will lead to more severe damage or complexity.

5.2.2 Any violation to Schedule Q.

Note:

Minor violations related to Schedule Q listed in C are excluded from this definition.

5.2.3 If the violation will be categorized 'YES' item as defined in **GI-0002.710** during the partial MCC stage.

5.2.4 Repeat of minor violation in accordance with paragraphs 6.5.4 and 6.5.5.2.

5.3 Minor (If any one of the following applies)

5.3.1 Any violation to MSAER, project specifications and approved IFC drawings that may affect the quality of the current phase of work but not necessarily affect the integrity of subsequent phases of work. i.e., the next phase of work is not dependent on the correction of the violation.

5.3.2 If the violation will be categorized as 'NO' item as defined in GI-0002.710 during the partial MCC stage.

5.3.3 Repeat of Minor INCR in accordance with paragraph 6.5.5.3

6 Instructions

6.1 Quality Issues Notification

6.1.1 Quality or technical deficiencies shall be reported in a timely manner through quality management module such as EPM, QMIS, depending on the identified violation as defined in Section 5.

6.1.2 Potential non-conforming materials, products or work shall be pro-actively highlighted to avoid re-work.

6.1.3 A letter of concern signed by the PID Manager/PQM shall be addressed to the Department Head of the MCC/PMCC Chairman whenever MCC/PMCCs are approved in the MPSC without ID signature due to converted and unresolved 'YES' items for other Organizations. This letter shall be copied to ID and SAPMT Department Directors.

6.1.4 A letter of concern signed by the ID Director/PID Manager shall also be addressed to the Director of the MCC/PMCC Chairman whenever MCC/PMCCs are approved in the MPSC system and ID's 'YES' items are converted to 'NO' without obtaining ID's agreement. This letter shall be copied to Proponent Sr. VP, ES Sr. VP, and PM Sr. VP.

6.1.5 A letter of concern signed by the ID Director or ES VP & Chief Engineer shall be addressed to the Vice President or Admin Area head of the MCC/PMCC Chairman whenever a Facility is commissioned without Inspection Department's review/signature on the MCC/PMCC. This letter shall be copied to ES Sr. VP and PM Sr. VP.

Note:

For Section 6.1.5, the level of signatory (not less than ID Director Level) should correspond to the criticality of the subject line or system in MCC.

- 6.1.6** Starting a project which excludes ANY Mandatory Saudi Aramco Engineering Requirement (MSAER), without securing the required waiver approved by applicable management level authority in accordance with SAEP-302 shall be reported as a worksheet (major violation).
- Exception:*
SAEP-148 case is an exception to the above term.
- 6.1.7** Initiators, approvers and other interested parties of quality issue notifications shall be in accordance with Appendices D1, D2, and D3, "Responsibilities for Escalation of Quality Issue Notification".
- 6.2** **Agreed Completion Date (ACD) for all types of quality notifications (INCR, LBE, NCR, WS, and DWS)**
- 6.2.1** For First ACD, as per Appendices A-1, A-2, and A-3, the following agreement is required to be obtained:
- 6.2.1.1** **If the first ACD is within 90 calendar days:**
- For Minor Violations, Project Inspection PQL/Field Supervisor agreement is required.
 - For Moderate Violation, Project Inspection Unit Supervisor agreement is required.
 - For Major Violation, Project Inspection Sr. Supervisor agreement is required.
- 6.2.1.2** If the first ACD is exceeding 90 calendar days regardless of the violation category (Minor, Moderate, and Major):
- Project Inspection Manager agreement is required for ACD, if it does not exceed 180 calendar days.
 - Inspection Department Director Agreement is required for ACD exceeding 180 calendar days.
- Note:*
The first ACD shall not exceed 90 calendar days without a legitimate justification (in addition to the required agreement detailed on the above sections), legitimate justifications including but not limited to the following four examples:
- After-the-fact Waiver is needed to resolve the violation.*
 - The corrective action for the violation includes Change Orders.*
 - The corrective action for the violation includes a long lead procurement of material.*
 - Specialized Testing or repair process by third party is required to resolve the reported issue.*
- 6.2.2** When no agreement on the ACD of any category of Quality Notification could be reached between the Project Inspection and the SAPMT, the ACD shall be decided as follows:
- 6.2.2.1** For ACD more than 90 calendar days not exceeding 180 calendar days or in case of a conflict on establishing the first ACD between SAPMT and PID, the Project Inspection Manager shall make the final decision.
- 6.2.2.2** For ACD exceeding 180 calendar days or in case of a conflict on establishing the first ACD between SAPMT Department Director and Project Inspection Manager, the ID Department Director shall make the final decision.
- 6.2.3** As per Appendices A-1, A-2, and A-3, if an extension of ACD is justified and approved by Project Inspection Unit Supervisor/SAIR (For Minor Violations/ Minor INCR), Project Inspection Sr. Supervisor (For Moderate Violations/ Moderate INCR) or Project Inspection Manager (For Major Violation/Major INCR), one-time basis approval of ACD extension may be granted with a maximum of 90 calendar days. ACD for escalated quality notification shall not be extended.
- 6.2.4** The Project Quality Manager (PQM) has the authority to escalate INCR/LBE/NCR to a higher level earlier than the ACD, if evidently, the issue will not be completed/corrected within the given ACD or further complications would occur.

- 6.2.5** After the submittal of LBE to contractor and SAPMT, Project Inspection PQL/Field Supervisor is authorized to revise the violation degree and the first Agreed Completion Date (ACD) which proposed by the Project Inspector within 5 working days. This revision of ACD is not considered as an extension.
- 6.2.6** After the submittal of NCR (moderate violation) to SAPMT and prior to final approval, Project Inspection Unit Supervisor is authorized to revise the first Agreed Completion Date (ACD) within 5 working days. This revision of ACD is not considered as an extension.
- 6.2.7** After the submittal of WS (major violation) to Project Inspection Manager and prior to the final approval, Project Inspection Sr. Supervisor is authorized to revise the first Agreed Completion Date (ACD) within 5 working days. This revision of ACD is not considered as an extension.

Note:

If the NCR (moderate violation) is not approved by SAPMT within 5 working days or been rejected, which resulted in an escalation of the notification to a WS level, in case the WS is approved and the given first ACD was elapsed without resolving the issue, the option of one-time basis approval of ACD extension may granted by Project Inspection Manager with a maximum of 90 calendar day.

6.3 Handling of Contractor's Internal NCR (INCR)

- 6.3.1** When the Contractor's Quality Control personnel report and document a quality non-compliance, ID shall escalate and track it in accordance with the work process demonstrated on Appendix B "Contractor's Internal NCR."
- 6.3.2** Contractor INCR shall be categorized (Major, Moderate or Minor) in accordance with Section 5.
- 6.3.3** Project Inspection Unit Supervisor or his delegate shall maintain an effective tracking sheet of INCR with an updated violation category and ACD.

6.4 Clarifications to Appendix C "Examples of Violations and Escalation Steps"

- 6.4.1** Clearance of "Unavailability of approved Contractor QA Manager or Contractor QC Manager" in Appendix C shall be based on actual mobilization at the project site of the approved Contractor QA Manager or QC Manager and not just submission or approval of resumes. Absence of an already approved and mobilized Contractor QA or QC Manager, due to verified emergency leave could be exempted by the PQM provided that the leave of absence shall not be more than seven (7) calendar days without an approved replacement is provided and mobilized at site.
- 6.4.2** Clearance of – "Insufficient QC Manpower (Deficiency > 10% of Plan)" in Appendix C shall also be based on actual mobilization of the approved Contractor QC personnel at the project site, and not just submission or approval of resumes'.

6.5 Non-conformities Escalation Process

- 6.5.1** Escalation processes shall be in accordance with Appendices A-1, A-2, and A-3, "Quality Issues Escalation Matrix for Major, Moderate and Minor violations".
- 6.5.2** For minor violations, the maximum escalation category shall be WS, while for moderate/major violations, the maximum escalation category shall be DWS3.
- 6.5.3** Logbook Entries (LBEs) shall be made for deficiencies defined as Minor. LBEs shall be made through the EPM/QMIS or Manual logbook. (Manual logbook entry shall be done only in exceptional cases and shall have prior approval by the relevant PID Manager).

Exception:

Inspector may write LBE and propose the violation category either Moderate or Major, and within 5 working days the PQL/Field Supervisor shall escalate the violation if he agrees with the inspector in accordance with Appendix A-1.

- 6.5.4** Repeat of Moderate or Major violation within six (6) months will result to a Quality Notification starting at the next higher level of Violation Category and Notification. Escalate minor violation if repeated more than 3 times within 6 months to a Moderate violation.

- 6.5.5** Repeated Internal Non-conformance Report (INCR) within six (6) months shall be, as per Appendix B, "Contractor's Internal NCR":
- 6.5.5.1** Escalated to SA WS if the Repeated INCR categorized as a major violation.
- 6.5.5.2** Escalated to SA NCR if the Repeated INCR categorized as a moderate violation.
- 6.5.5.3** Escalated to Violation-after-the-fact Entry in the EPM/QMIS if the Repeated INCR categorized as a minor violation.

Note:

If the repeated minor violations (more than 3 times within 6 months) includes at least one Violation-after-the-fact Entry in the EPM/QMIS, it is required to be escalated immediately to SA NCR in accordance with Appendix A-1. While if all minor repeated violations (more than 3 times within 6 months) are reported as INCR; then, it shall be escalated to a Violation-after-the-fact Entry in the EPM/QMIS in accordance with Appendix B.

- 6.5.6** NCR shall be escalated to a Worksheet (WS) when any of the following applies:
- 6.5.6.1** NCR is not corrected or completed on the ACD (including the extension period, if extension is approved)
- Exception:*
The Project Quality Manager (PQM) has the authority to escalate the quality notification to a higher level earlier than the ACD, if evidently, the issue will not be completed/corrected within the given ACD or further complications would occur.
- 6.5.6.2** NCR submitted by Inspection Department that is not approved or rejected by SAPMT within five (5) working days.
- 6.5.7** Worksheet that was not resolved on or before the ACD, including the approved extension period (if extension is permitted and approved), shall be escalated to Delinquent Worksheet.
- Exception:*
The Project Quality Manager (PQM) has the authority to escalate the quality notification to a higher level earlier than the ACD, if evidently, the issue will not be completed/corrected within the given ACD or further complications would occur.
- 6.5.8** Once the project reaches its PMCC/MCC stage, all open INCRs, LBEs, NCRs, Worksheets and DWS shall be transferred to MPCs. Items required for start-up or impacting safety are to be marked as 'YES' Items. All other items shall be designated as 'No' Items.
- Note:*
Quality notification marked as YES item shall be kept open within quality management module such as QMIS/EPM or Inspection logbook and to be escalated in accordance with this procedure.
- 6.5.9** Any standard violation shall be reported and escalated utilizing the appropriate quality notification either through INCRs, LBEs, NCRs, Worksheets, and DWS in accordance with this procedure from the beginning of the project until the MCC final signatory.
- 6.5.10** After the MCC walkthrough, any moderate or major quality notification shall be communicated to the Proponent Chairman through an official letter by the project PQM.
- 6.5.11** After Final MCC signatory, ID may participate to clear "No" Exception Items in compliance with GI 0002.710 paragraph 4.2.14. If support is still deemed necessary, proponent shall address this request officially to ID Director for ID services up to six (6) months and to the VP & Chief Engineer for any extensions afterward. Costs are treated according to GI 202.309.

7 Responsibilities

7.1 Inspection Department Director

- 7.1.1** Approve the agreed completion date if it exceeds one hundred eighty (180) calendar days for the issued quality notifications.

- 7.1.2 Agree with the ACD of Delinquent Worksheet (DWS1) per Appendices A-1, A-2, and A-3.
- 7.1.3 Approves Delinquent Worksheet (DWS1) issued by the Project Inspection Manager.
- 7.1.4 Initiates issuance of Delinquent Worksheet (DWS2).
- 7.2 **Project Inspection Manager**
 - 7.2.1 Reviews and approves or rejects SAPMT request to extend ACD for Worksheets.
 - 7.2.2 Approves Worksheets issued by the PQM (Sr. Supervisor).
 - 7.2.3 Initiates issuance of Delinquent Worksheet (DWS1).
 - 7.2.4 Reviews and approves or rejects the deletion of quality notifications.
 - 7.2.5 Reviews and approves or rejects the ACD of quality notifications if the ACD exceeds 90 calendar days but for not more than 180 calendar days.
- 7.3 **Project Inspection Senior Supervisor (PQM)**
 - 7.3.1 Initiates issuance of Worksheet (WS).
 - 7.3.2 Reviews and may grant one-time approval of ACD extension prior to escalation of valid NCR.
 - 7.3.3 Decides cases of violations not clearly defined in Section 5 and not listed in Appendix C "Examples of Violations and Escalation Steps."
 - 7.3.4 Reviews closure of major INCR.
 - 7.3.5 Has authority to increase violation category.
- 7.4 **Project Inspection Unit Supervisor**
 - 7.4.1 Approve the one-time extension for minor quality notification.
 - 7.4.2 Agree on the ACD for NCR if it is not more than 90 calendar days.
 - 7.4.3 Project Inspection Unit Supervisor or his delegate is responsible to track INCR violation category and ACD in accordance with paragraph 6.3.2.
 - 7.4.4 Agree on the ACD for INCR regardless of its category if it is not more than 90 calendar days.
 - 7.4.5 Review closure of moderate INCR.
- 7.5 **Saudi Aramco Inspection Representative (SAIR)**

For inspectable material procurements Quality notification the SAIR is responsible for the followings:

 - 7.5.1 Obtain PQM endorsement prior to creating /submitting NCRs to SAPMT.
 - 7.5.2 Reviews ACD extension requests for procurement INCR and seek PQM approval accordingly.
 - 7.5.3 Agrees on the ACD for NCR if it is not more than 90 calendar days.
 - 7.5.4 Track procurement INCR violation category and ACD in accordance with paragraph 6.3.2.
 - 7.5.5 Reviews closure of moderate NCR/ INCRs.
 - 7.5.6 Notify PQM when NCR is rejected by SAPMT or not approved within 5 working days.
- 7.6 **Project Inspection Quality Leader (PQL)/Field Supervisor**

- 7.6.1** Shall evaluate and agree with proposed ACD and violation category (if it is proposed by Project Inspector as Moderate or Major Issue) in accordance with paragraph 6.2.4 and Appendix A-1.
- 7.6.2** May initiate Non-Conformance Reports (NCRs) in lieu of Project Inspection Unit Supervisor.
- 7.6.3** Agree on the ACD for minor quality notifications if it is not more than 90 calendar days.

7.7 Project Inspector

- 7.7.1** Highlight to SAPMT any potential non-conforming material, product or work to avoid re-work.
- 7.7.2** Report in a timely manner any quality or technical deficiency through the QMIS/EPM (LBE).
- 7.7.3** Before LBE submittal, Propose the first ACD and the category of the violation depending on the committed violations as defined in Section 5.
- 7.7.4** Support the PID Unit Supervisor in categorizing the INCR and monitoring its ACD.
- 7.7.5** Following-up and monitoring the ACD status of LBE issued by him.

7.8 SAPMT

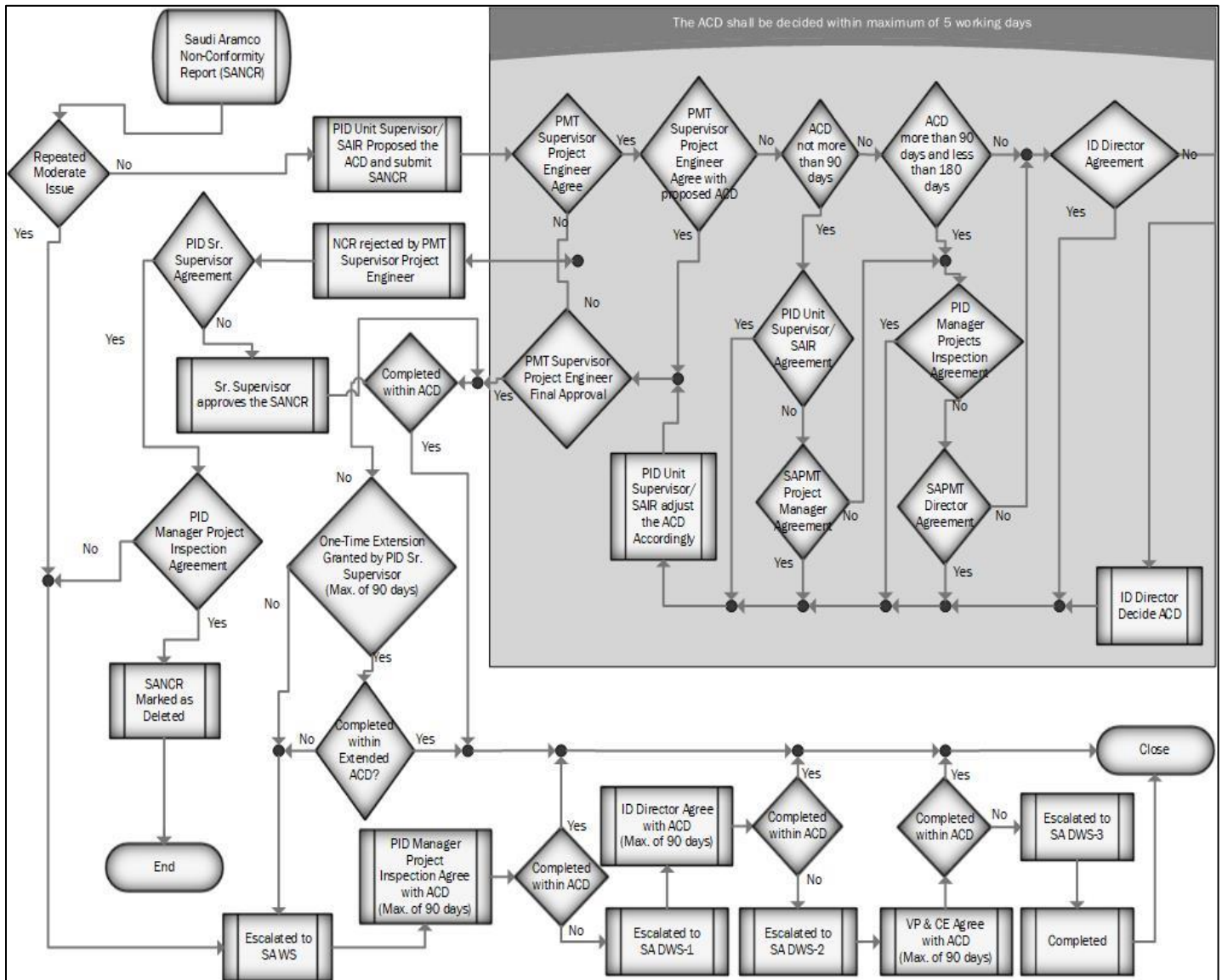
- 7.8.1** Ensures full compliance of project with SAEP-302, "Waiver of a Mandatory Saudi Aramco Engineering Requirement."
- 7.8.2** Approves valid NCRs initiated by Inspection Department within five (5) working days.
- 7.8.3** Communicate quality notifications issued by Saudi Aramco to the contractor effectively and in timely manner.
- 7.8.4** Evaluate and agree with proposed ACD actively and within the given period as per Section 6.2.
- 7.8.5** In case of On-Hold project, SAPMT shall notify PQM through official letter to stop escalation process till issue is resolved. The request shall stipulate SAPMT responsibility to apply preservation requirements of project materials and equipment in accordance with SAEP-385 "Preservation of Project Materials and Equipment".

8 Cancelled Quality Notifications

Submitted quality notifications shall not be marked for deletion without proper justification approved by PID Manager. The approved justification shall be attached in the quality notification being "marked for deletion". This cancellation exempts the system's errors deletion actions.

Appendix A-2

Moderate Quality Issues Escalation Process

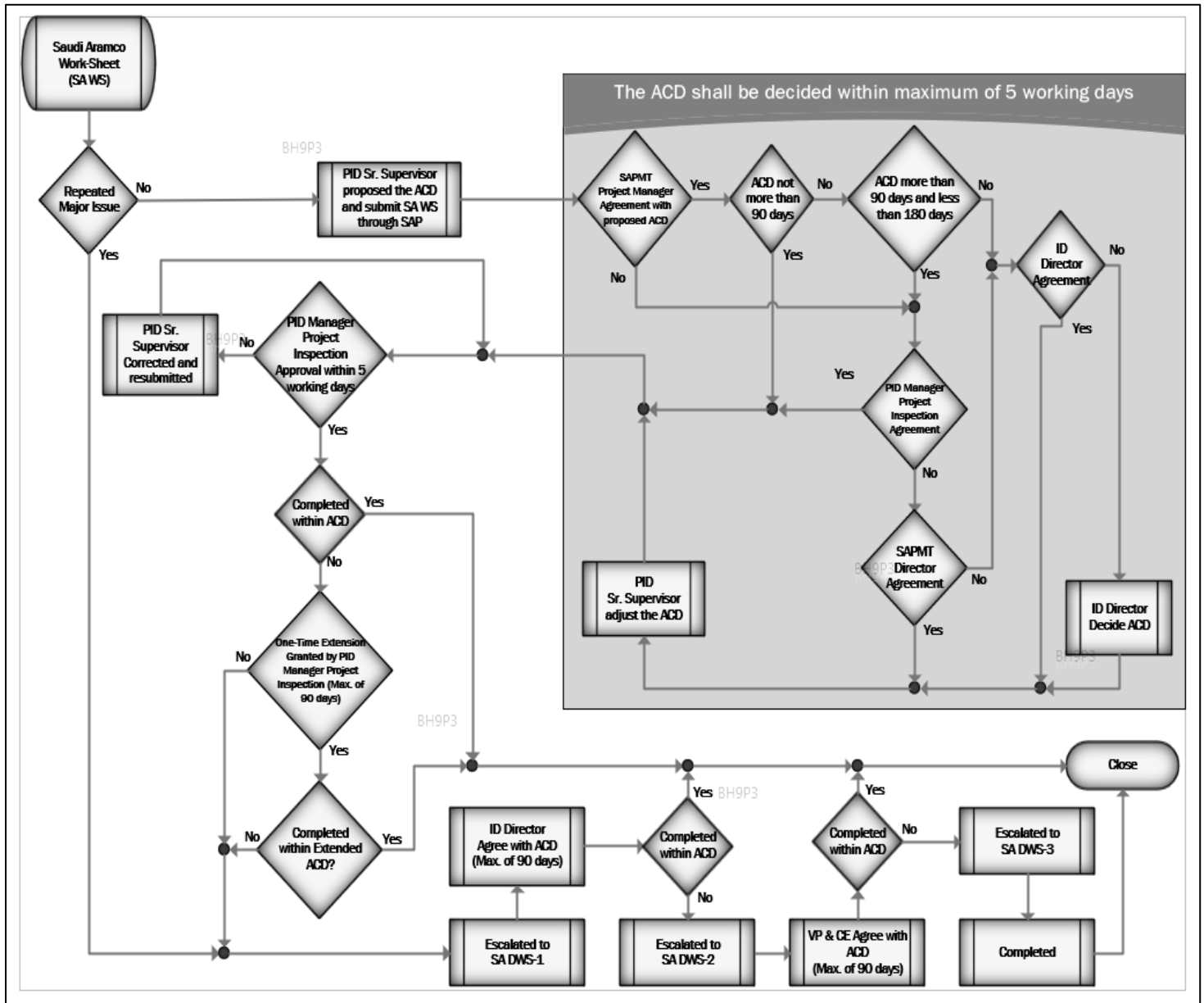


Notes:

- 1- PID Unit Supervisor shall decide the Agreed Completion Date (ACD) within 5 working days.
- 2- The lay-up non-compliance with SAES-A-007 and RT Backlog are exempted cases and they shall be handled in accordance with Appendix C, Table items # 4 and 5.
- 3- Repeat of Moderate violation within 6 months will result to be escalated to a Major violation.

Appendix A-3

Major Quality Issues Escalation Process

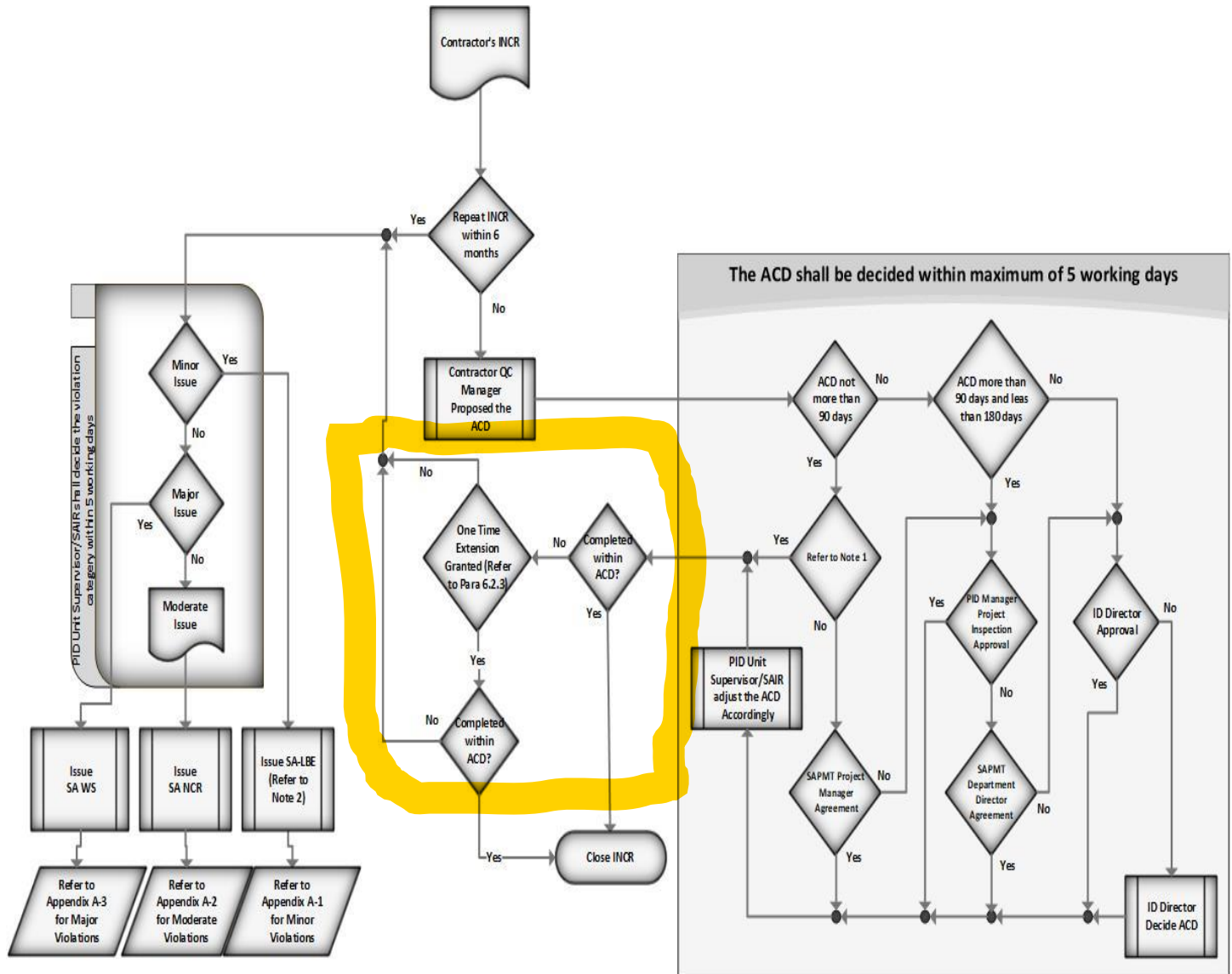


Notes:

- 1- PID Sr. Supervisor shall decide the Agreed Completion Date (ACD) within 5 working days.
- 2- The lay-up non-compliance with SAES-A-007 and RT Backlog are exempted cases and they shall be handled in accordance with Appendix C, Table items # 4 and 5.
- 3- Repeat of Major violation within 6 months will result to be escalated to Delinquent Worksheet (DWS1). 01).

Appendix B

Contractor's Internal NCR



Notes:

- 1- The decision on the first ACD shall be based on the INCR category in accordance with paragraph 6.2.1.
- 2- For minor and moderate procurement INCRs, the escalation will be to SANCR.

Appendix C

Examples of Violations and Escalation Steps

ESCALATION MATRIX		Recommended Phase for Proactive Notification	Violation Category
S/N	Sample Violation		
1.	Forged Quality Documents	Job X/Kick-off/Weekly QC Meetings	Major
2.	Procurement and/or Installation of any counterfeit materials classified as inspectable per <u>SAEP-1151</u> . Note: For non-inspectable materials, PQM decides on the initial Violation Category.	Job X/Kick-off/Weekly QC Meetings	Major
3.	Starting a project which excludes ANY Mandatory Saudi Aramco Engineering Requirement (MSAER), without securing the required waiver approved by applicable management level authority. <i>Exception:</i> <i>The scope of SAEP-148 is an exclusion to this item.</i>	Job X/Kick-off Meetings	Major
4.	Failure to implement the approved lay-up procedure per <u>SAES-A-007</u> , SAEP-43, and SAEP-1026. <i>Note:</i> <i>Maximum allowed ACD is 30 days with no extension. Non-completion of the corrective actions by the ACD will result to automatic escalation to WS. At WS level, maximum allowed ACD is 30 days with no extension. Non-completion of the corrective actions by the ACD will result to automatic escalation to DWS. Same WF for DWS2 & DWS3.</i>	Job X/Kick-off Meetings / Weekly QC Meetings	Moderate
5.	An increase in RT backlog for 3 consecutive weeks lead to a moderate level violation. In order to close this observation, the contractor must show a diminishing trend of RT backlog over 3 consecutive weeks in addition to the implementation of other approved corrective actions. <i>Note:</i> <i>RT backlog increases for one week shall be reported as proactive notification and when it continues increasing for another week, a standard violation logbook entry shall be issued.</i>	Job X/Kick-off Meetings / Weekly QC Meetings	Moderate

ESCALATION MATRIX		Recommended Phase for Proactive Notification	Violation Category
S/N	Sample Violation		
6.	<p>Unavailability of approved Contractor QA Manager or Contractor QC Manager.</p> <p><i>Notes:</i></p> <ul style="list-style-type: none"> <i>The closure of the quality notification shall be based on actual mobilization at the project site.</i> <i>Absence of approved and mobilized Contractor QA or QC Manager, due to emergency leave could be exempted by the PQM provided that the leave of absence shall not be more than seven (7) calendar days.</i> 	Job X/Kick-off Meetings / Weekly QC Meetings	Moderate
7.	Commencing of Special Process activity as specified in Schedule Q without approved procedures/personnel.	Job X/Kick-off/Weekly QC Meetings	Moderate
8.	Concrete or Asphalt placement without pre-approval of the batching plant or mix design.	Kick off Meetings/Weekly QC meetings	Moderate
9.	Use of any non-approved third-party service providers.	Kick off Meetings/Weekly QC meetings	Moderate
10.	<p>Starting work without IFC Drawings or not submitting required Quality Documents as per Schedule Q.</p> <p>Note: Categorization is PQM discretion.</p>	Kick off Meetings/Weekly QC meetings	Moderate Minor
11.	Placing of inspectable materials and equipment with unapproved source.	Kick off Meetings/Weekly QC meetings	Major
12.	Carrying out modification on accepted activities without SA approval.	Kick off Meetings/Weekly QC meetings	Moderate
13.	<p>Preservation and Storage of equipment and materials classified as 'Inspectable' per SAEP-1151 that are not in accordance with the approved quality plan and Schedule Q.</p> <p>Note: PQM is authorized to lower to minor based on equipment and materials criticality.</p>	Kick off Meetings/Weekly QC meetings	Moderate
14.	Failure of the Contractor to control and implement the quality requirements of its batch plants, subcontractors and other service providers as required per Schedule Q. (e.g., Not assigning his own QC inspectors at the manufacturer and service provider locations per Schedule Q, and relying only on the In-house QC).	Kick off Meetings / Weekly QC meetings	Moderate
15.	Contractor failure to conduct complete quality system audits per Schedule Q requirements.	Kick off Meetings / Weekly QC meetings	Moderate

ESCALATION MATRIX		Recommended Phase for Proactive Notification	Violation Category
S/N	Sample Violation		
16.	Contractor failure to conduct the 6-months Management Review Meetings and submit the results/recommendations to Saudi Aramco at the prescribed time.	Kick off Meetings / Weekly QC meetings	Moderate
17.	<i>Insufficient QC Manpower (Deficiency > 10% of Plan).</i> Note: PQM has the option to increase this category as MAJOR if the missing QC disciplines/positions impact on construction activities.	Job X / Kick-off Meetings/ Weekly QC Meetings	Moderate
18.	Contractor failure to perform/implement inspection per approved ITP without adequate notification or justification (HOLD POINT activities).	Kick off Meetings / Weekly QC meetings	Moderate
19.	Usage of unapproved facility or location to start valve testing, coating, Piping /structural fabrication, Concreate Pre-cast, and calibration.	Kick off Meetings / Weekly QC meetings	Moderate
20.	Contractor failure to perform/implement inspection per approved ITP without adequate notification or justification (Witness Point activities).	Kick off Meetings / Weekly QC meetings	Minor
21.	QC Personnel on part time basis, either routinely performing non-QC functions or covering QC jobs in a different geographical location without prior approval of the ID Area PQL/Field Supervisor.	Job X / Kick-off / Weekly QC Meetings	Minor
22.	Insufficient QC Manpower (Deficiency < 10% of Plan).	Job X / Kick-off Meetings	Minor
23.	Failure to submit, incomplete, poor quality or late submittal of the required deliverables as required by Schedule Q.	Kick off Meetings / Weekly QC meetings	Minor
24.	Poor or incomplete quality submittals or documentations. Note: PQM has the option to increase this category as MAJOR if the submittals are for critical activities such as hydro test package of oil and gas facilities.	Kick off Meetings / Weekly QC meetings	Minor
25.	Late submission of the required deliverables/documentations as required by Schedule Q. Note: PQM has the option to increase this category as MAJOR if the submittals are for critical activities such as hydro test package of oil and gas facilities.	Kick off Meetings / Weekly QC meetings	Minor

ESCALATION MATRIX		Recommended Phase for Proactive Notification	Violation Category
S/N	Sample Violation		
26.	<p>Failure to submit the required deliverables/documentations as required by Schedule Q.</p> <p>Note: PQM has the option to increase this category as MAJOR if the submittals are for critical activities such as hydro test package of oil and gas facilities.</p>	Kick off Meetings / Weekly QC meetings	Minor

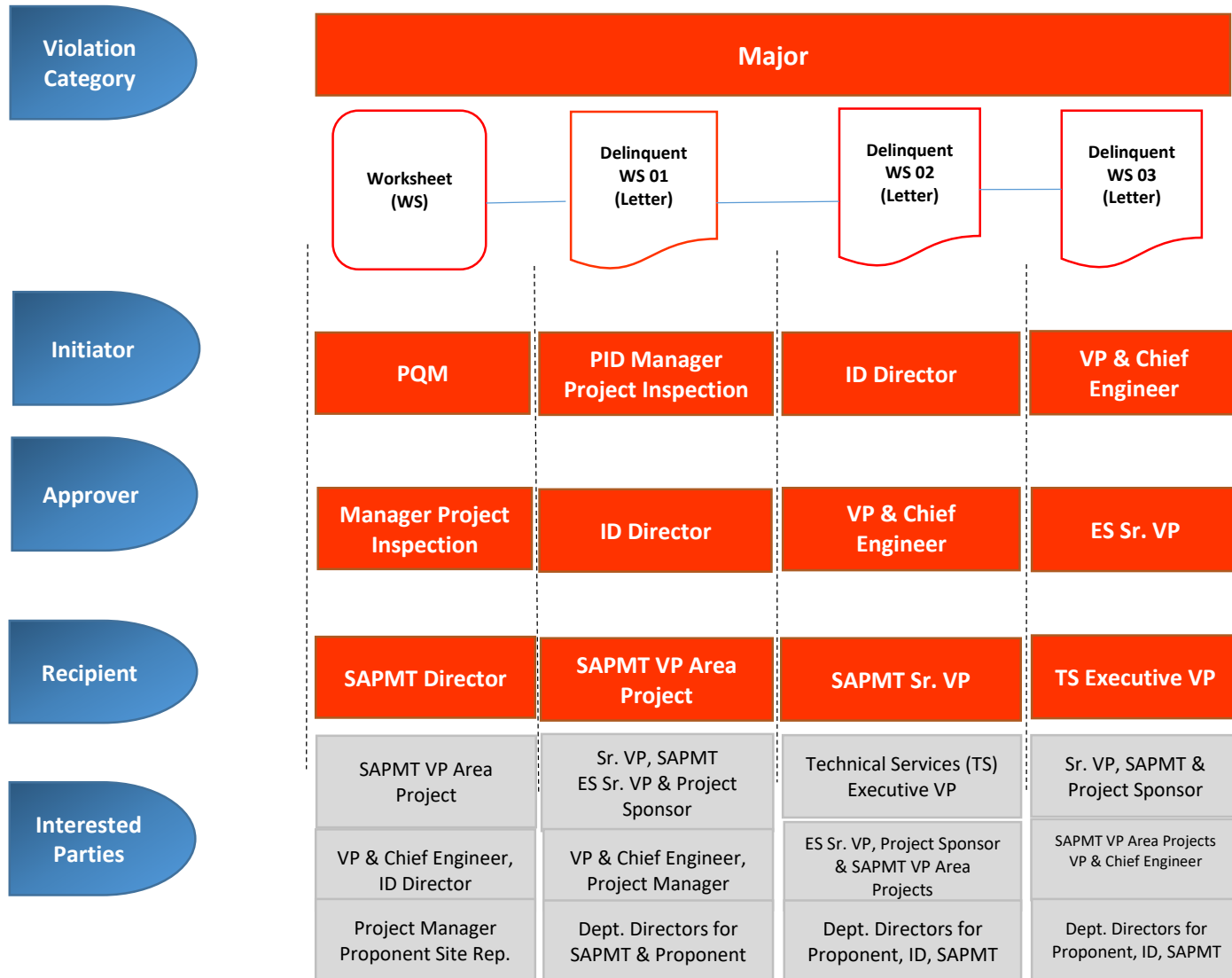
Legend:

L = e-Log Book entry

N = Non-Conformance Report (Q8 Notification)

W = Worksheet (Q9 Notification)

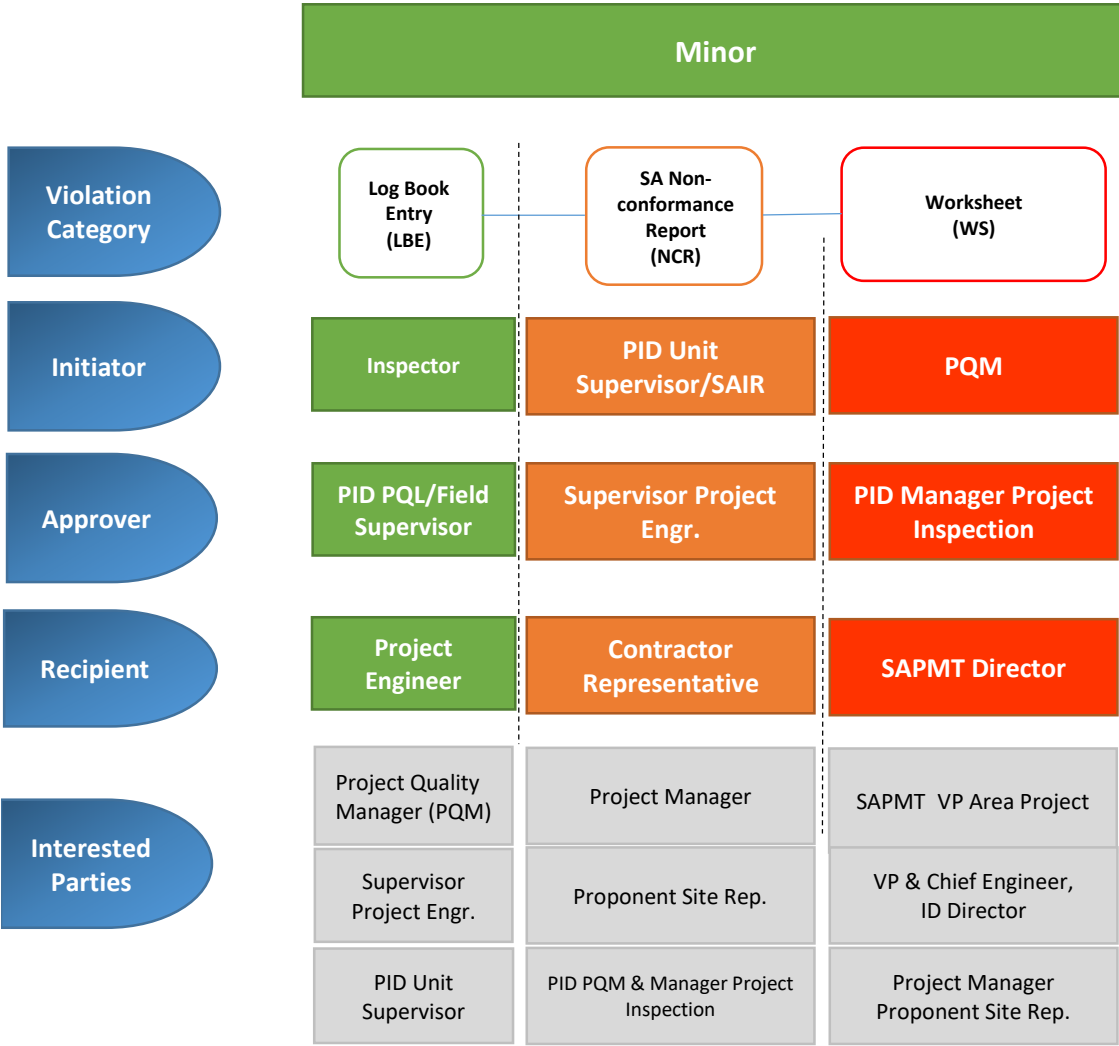
Appendix D1 – Responsibilities for Escalation of Quality Issue Notification (Major)



Appendix D2 – Responsibilities for Escalation of Quality Issue Notification (Moderate)

Violation Category	Moderate				
	SA Non-conformance Report (NCR)	Worksheet (WS)	Delinquent WS 01 (Letter)	Delinquent WS 02 (Letter)	Delinquent WS 03 (Letter)
Initiator	PID Unit Supervisor/SAIR	PQM	PID Manager Project Inspection	ID Director	VP & Chief Engineer
Approver	Supervisor Project Engr.	PID Manager Project Inspection	ID Director	VP & Chief Engineer	ES Sr. VP
Recipient	Contractor Representative	SAPMT Director	SAPMT VP Area Project	SAPMT Sr. VP SAPMT	TS Executive VP
Interested Parties	Project Manager	SAPMT VP Area Project	Sr. VP, SAPMT ES Sr. VP & Project Sponsor	Technical Services (TS) Executive VP	Sr. VP, SAPMT, Project Sponsor
	Proponent Site Rep.	VP & Chief Engineer, ID Director	VP & Chief Engineer, Project Manager	ES Sr. VP, Project Sponsor & SAPMT VP Area Projects	SAPMT VP Area Projects VP & Chief Engineer
	PID PQM & Manager Project Inspection	Project Manager Proponent Site Rep.	Dept. Directors for SAPMT & Proponent	Dept. Directors for Proponent, ID, SAPMT	Dept. Directors for Proponent, ID, SAPMT

Appendix D3 – Responsibilities for Escalation of Quality Issue Notification (Minor)



Document History

02 December 2024	Major revision	Major revision to include several improvement such as enhanced ACD extension process to encourage and empower Contractors QC to issue Internal NCR, empowered SAIR to issue procurements NCRs and decide on completion of corrective/preventive actions, enhanced the flowcharts for quality issues escalation process to address the latest changes and reflected newly developed Layup and Preservation MSAER (SAEP-43 and SAEP-1026).
03 January 2023	Editorial revision	Editorial revision to reflect the Chief Engineer job title change
12 December 2022	Editorial revision	Editorial revision to reflect job title changes