



HSE Management Procedure for Suppliers and Contractors

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1 Purpose

To standardize the Health, Safety and Environment (HSE) management of the Company's suppliers (material/equipment supply, technical service categories) and contractors (transportation, warehousing, installation and commissioning categories), clarify the HSE responsibilities and requirements of both parties in the process of product provision and service implementation, identify and control HSE risks throughout the entire cooperation process, ensure their activities comply with the Company's HSE management system and Q/SY Series Standards, prevent safety accidents, environmental pollution and compliance issues, safeguard the life and property safety of employees, the integrity of Company assets and ecological environment safety, meet the requirements of *PIPING SYSTEM PTE LTD Supplier HSE Management Measures*, *COMPANY Contractor HSE Control Specifications* and relevant laws and regulations, and promote the continuous improvement of HSE performance. This procedure is hereby formulated.

2 Scope of Application

This procedure applies to all departments of the Company (Procurement Department, Supply Department, Equipment Department, Warehousing Center, Transportation Management Department, HSE Management Department, etc.) and all employees, covering all suppliers and contractors cooperating with the Company, specifically including:

2.1 Types of Suppliers

- Material Suppliers: Enterprises engaged in the production/sales of pipeline equipment, hardware accessories, chemicals, labor protection products, etc.;
- Equipment Suppliers: Enterprises engaged in the manufacturing/leasing of hoisting equipment, transportation vehicles, warehousing equipment, etc.;
- Technical Service Suppliers: Institutions providing technical services such as equipment inspection, HSE consulting, and material certification.

2.2 Types of Contractors

- Transportation Contractors: Enterprises providing material transportation services by road/railway/marine;
- Warehousing Contractors: Enterprises providing material storage, loading/unloading, and sorting services;
- Installation and Commissioning Contractors: Enterprises providing on-site equipment installation, commissioning, and maintenance services;
- Temporary Service Contractors: Enterprises providing short-term services such as site cleaning and equipment handling;
- Construction/Maintenance Contractors: Enterprises providing engineering services such as site construction and equipment overhaul.

2.3 Entire Cooperation Process

Including the selection, access approval, contract signing, in-cooperation process control, HSE performance evaluation, HSE improvement, and exit management of suppliers/contractors.

3 Terms and Definitions

3.1 Supplier

An enterprise that provides materials, equipment or technical services to the Company, passes the Company's HSE access approval, and is included in the cooperation list.

3.2 Contractor

An enterprise that provides operation services such as transportation, warehousing, installation and commissioning, construction and maintenance to the Company, passes the Company's HSE access approval, and signs a service contract.

3.3 HSE Access Approval

The process by which the Company reviews the HSE qualifications and management capabilities of potential cooperative suppliers/contractors to confirm that they meet the HSE requirements for cooperation.

3.4 HSE Performance Evaluation

The process by which the Company regularly conducts quantitative evaluation on the HSE management effectiveness of cooperative suppliers/contractors, serving as the basis for renewal and hierarchical management.

3.5 Major HSE Hidden Hazard

A hazard that may trigger major safety accidents (such as fire, explosion) or major environmental pollution incidents and requires immediate rectification (see Appendix A for determination criteria).

3.6 Partner HSE Specialist

A full-time personnel designated by the supplier/contractor to coordinate the Company's HSE management work and implement HSE measures.

3.7 Job Safety Analysis (JSA)

The process of identifying and assessing potential risks in work activities and formulating control measures.

4 Responsibility Assignment

4.1 HSE Management Department (Centralized Management Department)

- Formulate and revise this procedure and HSE management standards for suppliers/contractors in a coordinated manner, and organize HSE training;
- Establish and maintain HSE management ledgers, access lists and qualified lists for suppliers/contractors;
- Take the lead in conducting HSE access approval (on-site audit) and qualification review for major suppliers/contractors;
- Supervise the implementation of HSE clauses and management requirements during the cooperation process, and investigate HSE violations;
- Organize HSE performance evaluation for suppliers/contractors, and put forward suggestions for hierarchical management and improvement;
- Participate in the handling and investigation of HSE incidents involving suppliers/contractors and the assessment of HSE capabilities;
- Establish an HSE communication and coordination mechanism, and provide guidance on HSE management methods.

4.2 Procurement Department

- Be responsible for collecting supplier information, pre-qualification, selection, and preliminary review of access applications (qualification document review);
- Clarify HSE clauses (including requirements for waste disposal, liability for breach of contract, etc.) in procurement contracts to ensure consistency with this procedure;
- Track HSE risks in the material supply link of suppliers (such as hazardous material packaging and labeling), and collect and verify HSE qualification documents;

- Cooperate with the HSE Management Department in conducting HSE performance evaluation, on-site assessment and improvement tracking for suppliers.

4.3 Supply Department / Warehousing Center / Transportation Management Department (User Department / Business Supervision Department)

- Be responsible for collecting contractor information, preliminary review of access applications (operation capability review), and putting forward specific HSE requirements;
- Clarify HSE clauses (such as transportation safety and warehousing protection requirements) in service contracts, and sign HSE management agreements;
- Conduct daily supervision on the contractor's operation process, record and report HSE performance, and participate in HSE capability assessment;
- Cooperate with the HSE Management Department in conducting HSE performance evaluation, emergency handling and improvement tracking for contractors.

4.4 Equipment Department

- Be responsible for reviewing the technical capabilities and HSE management capabilities of equipment suppliers/installation and commissioning contractors;
- Supervise the implementation of HSE measures in the equipment delivery, installation and commissioning links (such as equipment safety protection and work permit);
- Collect feedback on HSE issues of suppliers during equipment use and submit it to the HSE Management Department.

4.5 Management

- Company Top Management / HSE-in-Charge Leader: Approve important supplier/contractor HSE management policies, major access approvals and major HSE hidden hazard rectification plans, and provide resource support;
- Department Heads: Approve the access of general suppliers/contractors cooperating with their departments, and review HSE performance evaluation results;
- Team Leaders: Supervise the HSE compliance of contractors' on-site operations and report identified HSE hidden hazards.

4.6 Suppliers / Contractors

- Submit HSE access materials as required, ensure their authenticity and validity, and assign full-time HSE specialists;
- Implement the measures specified in contracts and HSE management agreements, and conduct internal HSE training and Job Safety Analysis (JSA);

- Report HSE incidents in a timely manner, cooperate with investigations and rectification, and provide data required for performance evaluation;
- Participate in HSE communication and training, and formulate and implement HSE improvement plans.

4.7 All Employees

- Promptly report HSE violations or hidden hazards of suppliers/contractors to their department or the HSE Management Department when identified;
- Cooperate with supervision and inspection, and shall not illegally instruct partners to operate beyond HSE requirements.

5 Management Procedures

5.1 HSE Access Management for Suppliers and Contractors

5.1.1 Access Conditions

Potential cooperative parties shall meet the following basic HSE conditions:

- **Qualification Compliance:** Possess valid business licenses, industry permits (such as hazardous material transportation permits, special equipment installation permits), and HSE management system certifications (ISO45001/ISO14001 is preferred);
- **Management Capability:** Assign full-time HSE managers, and establish sound HSE management systems, emergency plans and training systems;
- **Performance Requirements:** No major or above HSE accidents in the past 3 years, and not included in the "blacklist" of the government or CNPC;
- **Guarantee Measures:** Suppliers provide MSDS (for chemicals/hazardous materials); contractors pay work-related injury insurance and work safety liability insurance for employees; special operation personnel hold valid certificates;
- **Technical Guarantee:** Suppliers' products comply with national/industry HSE standards; contractors provide work safety plans (including risk assessment).

5.1.2 Access Process

1. **Application Submission:** The Procurement Department / Business Department collects information of potential cooperative parties, guides them to fill in the *Supplier HSE Access Approval Application Form* or *Contractor HSE Access Approval Application Form* (Appendix B/C), and submit the following materials:
 - Qualification documents (copies with official seals, including business licenses, permits, certification certificates, etc.);
 - List of HSE management systems, emergency plans, and HSE management system documents;

- HSE performance certificates for the past 3 years (a letter of commitment is required if there are no accidents), and qualification certificates of full-time HSE personnel;
 - Contractors shall additionally provide proof of work-related injury insurance/work safety liability insurance and inspection qualification certificates for construction machinery and tools.
2. Preliminary Review: The Procurement Department / Business Department completes the preliminary review of materials within 5 working days, focusing on verifying validity and completeness; unqualified applications shall be notified to supplement materials at one time.
 3. Re-Review and On-Site Assessment:
 - General Cooperative Parties (contract amount < RMB 1,000,000): The HSE Management Department completes the written re-review within 3 working days, and includes them in the access list upon passing;
 - Major Cooperative Parties (contract amount ≥ RMB 1,000,000 or high-risk operations): The HSE Management Department takes the lead in conducting joint on-site re-reviews (Appendix D), including assessments of production site management and pollutant treatment facilities, and issues a report within 5 working days.
 4. Publicity and Filing: The access list is publicly announced on the intranet for 3 working days; if there is no objection, the HSE Management Department files it, with a validity period of 2 years (re-application is required 30 days before expiration).

5.2 HSE Clause Management in Contracts

5.2.1 Clause Content

All contracts shall include the following HSE clauses:

- Division of HSE responsibilities between both parties, and clarification of management interface personnel;
- HSE management requirements (compliance with the Company's systems and work permit regulations);
- Risk prevention and control measures (such as GPS monitoring for hazardous materials, fire isolation belts);
- Emergency linkage and accident handling requirements (reporting procedures, cooperation in investigations);
- Waste disposal, environmental protection requirements and violation penalty agreements (liquidated damages of 5%-10% of the contract amount);
- Clauses linking HSE performance evaluation with renewal and improvement.

5.2.2 Clause Review

- General Contracts: Reviewed by the HSE Management Department specialist within 1 working day;

- Major Contracts: Reviewed by the head of the HSE Management Department within 2 working days;
- Contracts that fail to pass the review shall not be signed; contractors shall additionally sign an HSE Management Agreement (Appendix E).

5.3 HSE Control During Cooperation Process

5.3.1 Supplier Process Control

1. Material Supply Link:

- Suppliers package materials in accordance with standards; hazardous materials shall be labeled with warning signs and accompanied by MSDS;
- The Procurement Department, together with the Warehousing Center, conducts HSE acceptance (packaging, labeling); unqualified materials shall not be stored in the warehouse;
- The HSE Management Department conducts random inspections on the production/storage links quarterly, focusing on inspecting the operation of environmental protection facilities, and orders rectification if hidden hazards are found.

2. Equipment Delivery Link:

- Equipment suppliers provide safety operation manuals, maintenance guides and safety certification documents;
- The Equipment Department, together with the HSE Management Department, conducts acceptance of safety performance; unqualified equipment shall not be put into use;
- Suppliers conduct regular maintenance in accordance with the contract to ensure that the HSE performance of equipment meets standards.

5.3.2 Contractor Process Control

1. Pre-Operation Preparation:

- Operation personnel pass HSE training and assessment, and work with the *Contractor Operation HSE Access Certificate* (Appendix F);
- Conduct Job Safety Analysis (JSA); high-risk operations shall submit plans and apply for the *HSE Work Permit* (Appendix G);
- Equip with qualified safety protection equipment, pass the inspection of the HSE Management Department, and conduct technical disclosure.

2. Operation Process Control:

- The business department assigns full-time personnel to supervise the entire process, inspect the implementation of plans and the implementation of protection measures;
- Strictly implement the work permit system, control cross-operation risks; the HSE Management Department conducts irregular random inspections;

- Illegal operations shall be stopped on the spot; issue the *HSE Rectification Notice* (Appendix H) and track rectification until completion;
- In case of an incident, immediately stop work and report, cooperate with emergency disposal, and shall not conceal or delay the report.

3. Post-Operation Management:

- Clean the site and restore the environment, cancel the work permit; the business department, together with the HSE Management Department, conducts acceptance;
- Settlement can only be carried out after passing the acceptance; record the HSE situation of the operation and include it in performance evaluation.

5.4 HSE Performance Evaluation and Hierarchical Management

5.4.1 Evaluation Cycle and Methods

- Cycle: Once every 6 months for suppliers, once every quarter for contractors;
- Methods: Quantitative scoring (Appendix I/J) + on-site verification + daily records, combined with special inspections, accident statistics and stakeholder feedback, with a full score of 100 points.

5.4.2 Evaluation Content

- Suppliers: HSE compliance rate of materials, completeness of MSDS, rectification rate of hidden hazards, accident rate, delivery service quality, improvement status;
- Contractors: Operation compliance rate, training pass rate, work permit handling compliance, emergency timeliness, on-site performance, rectification implementation.

5.4.3 Hierarchical Standards and Management Measures

Grade	Score Range	Management Measures
Grade A (Excellent)	90-100 Points	Priority for renewal, reduced audit frequency (once a year for suppliers/once every 6 months for contractors), recommended for major projects
Grade B (Good)	75-89 Points	Normal renewal, routine audits, submission of improvement plans

Grade C (Qualified)	60-74 Points	Suspension of new cooperation, rectification within a 1-month time limit, resume cooperation after passing acceptance; otherwise, downgrade to Grade D
Grade D (Unqualified)	< 60 Points	Terminate cooperation, remove from the list, no re-application allowed within 2 years

5.5 Exit Management

5.5.1 Exit Conditions

Initiate exit when the following situations occur:

- Performance evaluation results in Grade D or two consecutive Grade Cs;
- Major HSE accidents or a total of 2 general accidents;
- Major hidden hazards not rectified within the time limit or refusal to implement management requirements;
- Qualifications invalidated or included in the "blacklist";
- Contract expiration without renewal.

5.5.2 Exit Process

1. The business department puts forward an exit proposal with supporting materials and submits it to the HSE Management Department;
2. After review by the HSE Management Department, general cooperative parties shall be reported to the department head for approval, and major cooperative parties to the in-charge leader for approval;
3. The Procurement Department / Business Department shall inform the cooperative party in writing of the exit reasons and follow-up matters;
4. The HSE Management Department updates the list and ledger, and includes the cooperative party in key monitoring.

5.6 Emergency Management

5.6.1 Emergency Linkage Mechanism

- Incorporate partners into the emergency system, share resources, and conduct joint drills at least once a year;
- Partners shall formulate special plans and file them, and clarify emergency response responsibilities and reporting procedures.

5.6.2 Incident Handling

1. On-site personnel stop work, conduct initial control, and evacuate personnel;
2. The partner's HSE specialist reports to the business department and the HSE Management Department within 1 hour;
3. The Company activates the plan for emergency rescue, and contacts external rescue if necessary;
4. After disposal, the HSE Management Department investigates the cause, clarifies responsibilities, pursues breach of contract liability, and includes the incident in performance evaluation.

5.7 Record and Archive Management

5.7.1 Record Content

The HSE Management Department establishes archives, including:

- Access materials (application forms, qualifications, audit/evaluation reports);
- HSE clauses in contracts, review records and management agreements;
- Process control records (training, work permits, rectification notices, inspection forms);
- Performance evaluation reports, hierarchical results and improvement plans;
- Emergency disposal records and investigation reports.

5.7.2 Retention Requirements

Retain for 3 years after the cooperation period ends; electronic and paper records shall be retained simultaneously, with dedicated personnel responsible for traceability.

5.8 HSE Improvement

5.8.1 Communication and Coordination

- Hold regular HSE coordination meetings to convey requirements, share experience and solve problems;
- Establish an information transmission mechanism to update HSE standards and management requirements in a timely manner.

5.8.2 Training and Guidance

- Provide training on HSE standards, special operation safety and accident cases;
- Conduct guidance on HSE management methods to assist partners in improving management capabilities.

5.8.3 Performance Improvement

- Formulate improvement plans based on evaluation results, clarifying measures and time limits;
- The business department tracks implementation, and the HSE Management Department verifies improvement effects;
- Incorporate improvement status into the next performance evaluation to promote continuous improvement.

6 Supporting Documents

- *Supplier HSE Management Measures*
- *COMPANY Contractor HSE Control Specifications*
- *Company HSE Management System Manual* (compliant with Q/SY08002 Series Standards)
- *HSE Work Permit Management Procedure*
- *HSE Emergency Management Procedure*
- *HSE Hidden Hazard Investigation and Control Management Measures*
- *HSE Hazard Identification, Risk Assessment and Risk Control Planning Management Procedure*
- *HSE Training Management Procedure*
- *HSE Performance Measurement and Monitoring Management Procedure*
- *Regulations on the Safety Management of Hazardous Chemicals*
- *Special Equipment Safety Law*

7 Appendices

Appendix A: Determination Standards for Major HSE Hidden Hazards and Supplier HSE Qualification Review Checklist

A.1 Determination Standards for Major HSE Hidden Hazards

(Original content retained, supplemented with determination standards for environmental pollution-related hidden hazards)

A.2 Supplier HSE Qualification Review Checklist

1. Basic Qualifications: Business license, organizational code certificate, tax registration certificate;
2. Professional Qualifications: Production license, product quality certification, special equipment manufacturing license;
3. HSE Management Documents: HSE/environmental/occupational health and safety system certification, work safety license;
4. Performance Certificates: Accident-free certificates for the past 3 years, environmental protection acceptance documents, HSE honor certificates.

Appendix B: Supplier HSE Access Approval Application Form (Template)

Appendix C: Contractor HSE Access Approval Application Form (Template)

Appendix D: Supplier/Contractor HSE On-Site Audit Checklist

Appendix E: Key Points of Contractor HSE Management Agreement

1. HSE responsibilities of both parties and management interfaces;
2. HSE requirements and work permit implementation;
3. Emergency response, resource allocation and reporting procedures;
4. Accident investigation, responsibility determination and handling;
5. Violation penalties, compensation liabilities and contract termination conditions.

Appendix F: Contractor Operation HSE Access Certificate (Template)

Appendix G: HSE Work Permit (Template)

Appendix H: HSE Rectification Notice (Template)

Appendix I: Supplier HSE Performance Evaluation Scorecard

Appendix J: Contractor HSE Performance Evaluation Scorecard

Appendix K: Contractor On-Site HSE Inspection Form

Inspection Item	Inspection Content	Inspection Standard	Inspection Result	Rectification Requirements
Personnel Qualifications	Certificate possession of special operation personnel	Valid certificates, matching the operation type	<input type="checkbox"/> Qualified <input type="checkbox"/> Unqualified	
Safety Protection	Wearing of personal protective equipment	Correctly worn and used in accordance with requirements	<input type="checkbox"/> Qualified <input type="checkbox"/> Unqualified	
Equipment and Facilities	Inspection status of construction machinery and tools	Qualified through inspection, complete labels	<input type="checkbox"/> Qualified <input type="checkbox"/> Unqualified	
Operation Management	Work permit and JSA records	Complete and valid, consistent with on-site conditions	<input type="checkbox"/> Qualified <input type="checkbox"/> Unqualified	
On-Site Environment	Cleanliness and isolation of the operation area	Tidy and orderly, effective risk isolation	<input type="checkbox"/> Qualified <input type="checkbox"/> Unqualified	
Fire-Fighting Facilities	Configuration and status of fire-extinguishing equipment	Sufficient configuration, intact and effective	<input type="checkbox"/> Qualified <input type="checkbox"/> Unqualified	
Emergency Preparation	Emergency equipment and plans	Fully equipped, employees	<input type="checkbox"/> Qualified <input type="checkbox"/> Unqualified	

		aware of the plans		
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8 Supplementary Provisions

8.1 This procedure shall be interpreted by the Company's HSE Management Department.

8.2 This procedure shall come into force on the date of issuance. In case of any inconsistency between existing relevant provisions and this procedure, this procedure shall prevail.

8.3 This procedure shall be revised once a year, or updated in a timely manner according to changes in laws and regulations, superior requirements (including Q/SY Series Standards) and Company business.

8.4 For matters not covered in this procedure, refer to relevant national laws and regulations and relevant management provisions of Cladding Technology Shanxi Co., Ltd.