



HSE Objectives, Targets and Management Plan Control Procedure

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1 Purpose

To establish, implement and maintain a standardized procedure for setting, reviewing, updating and implementing the Company's Health, Safety and Environment (HSE) objectives, targets and management plans. This ensures the translation of the Company's HSE policy (e.g., "People-Oriented, Prevention-First, Full-Staff Responsibility, Continuous Improvement") into measurable and actionable initiatives, the continuous improvement of HSE performance, the fulfillment of commitments under the HSE policy, and the effective control of HSE risks. It also aims to prevent HSE accidents in business links such as material procurement, equipment supply, warehouse management and transportation logistics, and safeguard employees' life and health, ecological environment safety and the Company's legal operations. This procedure is hereby formulated for the aforesaid purposes.

2 Scope of Application

This procedure applies to all processes (including formulation, decomposition, implementation, monitoring, review and update) of HSE objectives, targets and management plans within Pipeline Materials and Equipment Co., Ltd. and its subordinate departments, branches and project departments (hereinafter collectively referred to as "all units"). It also covers the collaborative management of HSE objectives for external relevant parties involved in the Company's material procurement and supply services, such as suppliers and contractors.

3 Responsibility Assignment

3.1 Company Top Management

1. Preside over the formulation, approval and issuance of the Company's annual HSE objectives and targets, and ensure alignment between the objectives and the Company's

strategy as well as the HSE management requirements of PIPING SYSTEM PTE LTD and COMPANY.

2. Ensure the provision of necessary resources (human, financial, material, technical, etc.) for the achievement of HSE objectives and targets, and approve major HSE resource inputs (e.g., funds for hazardous material warehouse renovation, funds for transportation safety technology upgrading).
3. Approve key company-level HSE management plans (e.g., major HSE risk control plans, cross-departmental collaborative HSE improvement plans), and listen to special reports on the completion status of HSE objectives and the implementation progress of management plans.

3.2 Company Management Representative

1. Organize the formulation, review and update of the Company's annual HSE objectives and targets, and coordinate to resolve cross-departmental disputes arising during the objective-setting process (e.g., resource allocation, division of responsibility boundaries).
2. Review company-level HSE management plans and the assessment report on the completion of HSE objectives and targets, and supervise the implementation progress and effectiveness of management plans.
3. Report to the top management on the completion status of HSE objectives, targets and management plans on a regular basis (quarterly), and put forward suggestions for objective adjustment, resource optimization or management improvement.

3.3 Quality, Safety and Environmental Protection Department (or Corresponding HSE Leading Department)

1. Act as the centralized management department for this procedure, responsible for the formulation, revision, interpretation and supervision of the implementation of this procedure, and ensuring compliance of the procedure with national laws and regulations, industry standards and the requirements of superior units.
2. Organize all departments to propose suggestions for the Company's annual HSE objectives and targets, and collect HSE risk assessment results, updates of laws and regulations, previous-year performance data and feedback from relevant parties as the basis for objective-setting.
3. Based on the approved company-level HSE objectives and targets, organize the formulation and review of company-level HSE management plans, decompose the company-level objectives and targets to relevant departments and units, and clarify the decomposition principles, responsible departments and time requirements.
4. Conduct regular monitoring, tracking and statistical analysis of the implementation status of the Company's HSE objectives, targets and management plans; collect performance data from all units on a quarterly basis; conduct phased assessments; and compile the *Phased Assessment Report on HSE Objectives and Targets*.

5. Organize the verification of the implementation effectiveness of HSE management plans; conduct a comprehensive review of HSE objectives, targets and management plans at least once a year (usually before management review); prepare review records and put forward improvement suggestions.
6. Be responsible for the internal promotion, publicity and training of HSE objectives, targets and management plans; answer relevant inquiries from all units; coordinate to resolve cross-departmental issues during the implementation process; and establish and dynamically maintain the *Company Major HSE Management Plan Ledger*.

3.4 All Business and Functional Departments (Procurement Department, Equipment Department, Logistics Department, Warehousing Center, Engineering Technology Department, Human Resources Department, Finance Department, etc.)

1. Procurement Department: Based on the company-level HSE objectives and targets, and in combination with business characteristics such as supplier HSE management and hazardous material procurement risks, formulate departmental HSE objectives and targets (e.g., "100% compliance rate of suppliers' HSE qualifications", "100% coverage rate of HSE clauses in procurement contracts"); compile special management plans (e.g., "Supplier HSE Audit Plan"); organize resources for implementation; and report the completion status to the Quality, Safety and Environmental Protection Department on a quarterly basis.
2. Equipment Department: Focus on HSE risks in equipment procurement, maintenance and use (e.g., special equipment safety, equipment failure hazards); formulate departmental targets (e.g., "100% regular inspection rate of special equipment"); compile equipment safety management plans; collect and statistics data on target completion; and cooperate with company-level monitoring and review.
3. Logistics Department: Address HSE risks in the transportation link (e.g., traffic accidents, material damage and leakage); formulate targets (e.g., "transportation accident rate \leq 0.1%", "100% compliance rate of hazardous material transportation"); compile transportation safety management plans; implement measures such as vehicle inspection and driver training; and track the implementation progress of the plans.
4. Warehousing Center: In light of risks such as warehouse fire safety and material storage safety; formulate targets (e.g., "0 warehouse fire accidents", "inventory material damage rate \leq 0.05%"); compile warehouse safety management plans; conduct daily self-inspections and keep records; and submit the target completion status on a quarterly basis.
5. Engineering Technology Department: Target HSE risks in technical plans and process flows; formulate targets (e.g., "100% compliance review rate of technical plans for HSE"); compile HSE control plans for technical links; and ensure that technical measures meet HSE requirements.

6. Human Resources Department: Focus on employee occupational health and HSE training needs; formulate targets (e.g., "100% participation rate in occupational health check-ups", "100% completion rate of HSE training plans"); compile employee health management and training plans; ensure personnel allocation and training resources; and track the achievement of targets.
7. Finance Department: Responsible for reviewing the budget for funds required for HSE management plans; ensuring the timely allocation of funds for plan implementation; recording the input of HSE funds; and providing financial data support for the review of objectives and targets.
8. All departments shall collect, statistics and analyze the completion status of their own HSE objectives and targets; control the implementation process of management plans to ensure timely and effective completion; and analyze the causes of unmet targets and formulate corrective measures.

3.5 All Units (Branches and Project Departments)

1. Combine the specific business (e.g., regional material supply, on-site warehouse management) and regional characteristics (e.g., local environmental protection requirements, climate risks) of the unit to further decompose the Company's and department-level HSE objectives and targets to teams or posts, and form localized sub-objectives and sub-targets (e.g., "HSE inspection frequency at project site \geq 2 times/week").
2. Formulate and implement unit-level HSE management plans or specific action plans (e.g., "Safety Control Plan for Temporary Warehousing Sites"); clarify the person in charge, resource requirements and timeline; and ensure that the plans are in line with on-site realities.
3. Conduct daily monitoring and reporting of the implementation status of the unit's HSE objectives, targets and management plans; statistics performance data on a monthly basis; submit assessment results to the Quality, Safety and Environmental Protection Department and the superior department on a quarterly basis; and cooperate with company-level monitoring and review work.

4 Work Procedures

4.1 Formulation of HSE Objectives and Targets

4.1.1 Formulation Basis

The formulation of HSE objectives and targets shall be based on the following aspects to ensure scientificity, rationality and feasibility:

1. HSE Policy: Objectives and targets must be consistent with the Company's HSE policy and reflect the core requirements of the policy (e.g., "Prevention-First" shall be translated into objectives related to hidden hazard investigation and risk control).

2. Laws, Regulations and Other Requirements: Take into account applicable HSE laws and regulations (e.g., *Work Safety Law of the People's Republic of China*, *Environmental Protection Law of the People's Republic of China*), industry standards (SY Series petroleum standards), management systems of superior units and HSE requirements stipulated in contracts.
3. HSE Risks and Opportunities: Based on the Company's HSE risk assessment results, focus on meeting the control needs for major HSE risks (e.g., hazardous chemical leakage, warehouse fire), while considering potential improvement opportunities such as technological upgrading and management optimization.
4. Technical Feasibility, Financial and Operational Requirements: Combine the Company's existing technical capabilities (e.g., inspection equipment accuracy, transportation monitoring technology), financial budget (HSE fund input amount) and operational objectives (cost control, efficiency improvement) to ensure the achievability of objectives.
5. Views of Relevant Parties: Appropriately consider the concerns and reasonable expectations of employees (occupational health needs), customers (material safety supply requirements), contractors (work safety collaboration needs), communities (environmental protection requirements) and regulatory authorities (compliance requirements).
6. Commitment to Continuous Improvement: Objectives shall reflect the continuous improvement of HSE performance, and set improvement directions with reference to the previous year's objective completion status (e.g., "Previous-year hidden hazard rectification rate: 95%; current-year target: 98%") and industry advanced levels.
7. Previous HSE Performance: Combine the previous year's incident statistics (accident rate, environmental complaints), monitoring and measurement results (occupational disease hazard factor detection data) and internal audit findings to set objectives for weak areas (e.g., "Previous-year training compliance rate: 85%; current-year target: 100%").

4.1.2 Formulation Principles (SMART Principles)

1. Specific: Objectives shall clearly target specific HSE fields or issues, and avoid ambiguous expressions. For example, "reduce transportation risks" shall be refined into "reduce traffic accident rate of long-distance transportation vehicles" to clarify the business scenario and control object.
2. Measurable: Targets shall be quantifiable or qualitatively verifiable. Quantitative targets shall specify numerical values (e.g., "100% legal disposal rate of hazardous waste", "total recordable injury rate ≤ 0.3 per 1,000 employees"); qualitative targets shall define clear judgment criteria (e.g., "improve employees' HSE awareness" shall be supported by "10% year-on-year increase in hidden hazard reporting rate" for measurement).
3. Attainable: Objectives shall be aligned with the Company's resource capabilities and actual conditions, and avoid being excessively high or low. For example, "eliminating all material damage" is difficult to achieve in the transportation link; instead, "transportation material damage rate $\leq 0.1\%$ " can be set, which is achievable through reasonable control.

4. Relevant: Objectives shall be closely linked to the department's business and the Company's HSE risks. For example, the objectives of the Procurement Department shall focus on supplier HSE management, rather than setting "0 warehouse fire accidents" (which falls under the responsibility of the Warehousing Department) that is irrelevant to procurement.
5. Time-bound: Clarify the time frame for objective completion. Annual objectives shall be decomposed into quarterly and monthly phased milestones (e.g., "Annual supplier HSE qualification compliance rate: 100%" shall specify "quarterly compliance rate \geq 98%") to ensure process controllability.

4.1.3 Formulation Process

1. Initiation (First month of the fourth quarter each year): The Quality, Safety and Environmental Protection Department issues the *Notice on Launching the Formulation of Next Year's HSE Objectives and Targets*, specifying work requirements, time nodes, submission format and reference basis, and initiates the objective-setting work.
2. Proposal Submission (Within 20 working days after initiation): Combined with their own responsibilities, business risks and previous-year performance, all departments put forward proposals for departmental HSE objectives and targets in accordance with the formulation basis specified in 4.1.1, fill in the *Departmental HSE Objectives and Targets Proposal Form*, and submit it to the Quality, Safety and Environmental Protection Department.
3. Consolidation and Drafting (Within 15 working days after proposal submission): The Quality, Safety and Environmental Protection Department consolidates the proposals from all departments, and drafts the Company's annual HSE objectives and targets in combination with the Company's overall HSE strategy, the target requirements of superior units and cross-departmental collaboration needs, specifying objective categories (health, safety, environment, management) and core targets.
4. Review and Consultation (Within 10 working days after drafting): The Quality, Safety and Environmental Protection Department organizes a review meeting with key departments such as Procurement, Logistics, Warehousing and Human Resources to review the draft for sufficiency (whether all major risks are covered), coordination (whether cross-departmental objectives conflict) and feasibility (whether resources are matched), prepares the *Review Record of HSE Objectives and Targets Draft*, and revises the draft based on review comments.
5. Approval and Issuance (Within 10 working days after review and approval): The draft is reviewed by the Management Representative and then submitted to the Company's Top Management for approval. The approved annual HSE objectives and targets are issued in the form of an official Company document (e.g., "Notice on Issuing the HSE Objectives and Targets for [Year]"), and communicated to all units through channels such as the OA system and internal bulletin boards.

4.1.4 Types and Examples of Objectives and Targets

The Company's HSE objectives and targets shall fully cover the three core fields of health, safety and environment, and include management-related targets to ensure full-process control of HSE management. Specific types and examples are as follows:

1. Health Category

- Objective: Control and reduce employees' occupational health risks, and safeguard employees' physical health.
- Targets:
 - Regular detection compliance rate of occupational disease hazard factors (warehouse dust, inspection chemicals, transportation driver fatigue) in workplaces $\geq 98\%$;
 - 100% participation rate in occupational health check-ups for employees exposed to occupational disease hazards, and 100% follow-up treatment rate for employees with abnormal check-up results;
 - 0 confirmed occupational disease cases in the year;
 - 100% provision rate of employee labor protection equipment, and $\geq 95\%$ correct wearing rate.

1. Safety Category

- Objective: Prevent and reduce safety accidents, improve intrinsic safety levels, and ensure the safety of the entire process of material procurement and supply.
- Targets:
 - Eliminate work safety accidents resulting in serious injuries or deaths, and minor injury rate $\leq 0.2\%$;
 - 0 fire and explosion accidents; 100% regular inspection rate and 100% inspection compliance rate for special equipment (forklifts, cranes, transportation vehicles);
 - Hidden hazard investigation and rectification completion rate $\geq 98\%$ (100% for major hidden hazards), and 100% review compliance rate for rectification;
 - 100% participation rate in HSE emergency drills, and $\geq 95\%$ drill assessment compliance rate.

1. Environment Category

- Objective: Reduce the impact of production and operation activities on the environment, achieve compliant emissions, and promote green operations.
- Targets:
 - 100% legal disposal rate of hazardous waste (waste inspection reagents, damaged chemical packaging, waste equipment), and 100% integrity rate of disposal records;
 - 100% compliance rate of emissions of major pollutants (office sewage, warehouse waste gas, transportation vehicle exhaust), and 100% operational

integrity rate of environmental protection facilities (sewage treatment equipment, waste gas purification devices);

- 2% year-on-year reduction in paper consumption and 3% year-on-year reduction in electricity consumption in office areas;
- 0 environmental complaints in the year, and 100% compliance rate in environmental protection inspections.

1. Management Category

- Objective: Improve the effectiveness of the HSE management system, and ensure the implementation of objectives, targets and management plans.
- Targets:
 - 100% completion rate of HSE training plans, and $\geq 95\%$ compliance rate of employee HSE training assessment;
 - 100% completion rate of HSE legal compliance evaluation;
 - 100% implementation rate of HSE management plans, and 100% verification rate of implementation effectiveness;
 - $\geq 90\%$ HSE audit coverage rate for suppliers (targeting hazardous material suppliers).

4.2 Decomposition and Communication of HSE Objectives and Targets

1. Decomposition Requirements: Within 15 working days after the issuance of the company-level HSE objectives and targets, all relevant departments and units shall complete the decomposition:
 - Vertical Decomposition: Decompose to teams and posts (e.g., the Warehousing Center decomposes objectives to the "Hazardous Material Warehousing Team" and "General Material Warehousing Team"), and clarify post-level sub-targets (e.g., "Hazardous material warehouse keepers conduct safety inspections ≥ 1 time per day").
 - Horizontal Decomposition: For cross-departmental collaborative objectives (e.g., "full-process control of hazardous materials"), clarify the responsibilities of the leading department (Procurement Department) and supporting departments (Logistics Department, Warehousing Center, Quality, Safety and Environmental Protection Department) to avoid responsibility shirking.
 - Time Decomposition: Decompose annual objectives into quarterly and monthly targets (e.g., "annual hidden hazard rectification rate: 98%" is decomposed into "quarterly rectification rate $\geq 97\%$ ") to facilitate process monitoring.
1. Decomposition Records: All departments and units shall fill in the *HSE Objectives and Targets Decomposition Form*, which includes the company-level objectives, decomposed

sub-targets, responsible posts, completion time limit and monitoring methods, and submit it to the Quality, Safety and Environmental Protection Department for filing.

2. Communication and Dissemination: Ensure that all employees are aware of and understand the objectives and targets through the following methods:
 - Hold department-level HSE objective promotion meetings to explain the meaning of objectives, implementation requirements and the connection with posts;
 - Publish objective documents and interpretation materials in the "HSE Column" of the Company's internal website and OA system;
 - Incorporate department-level and post-level objectives into employees' job descriptions or annual performance contracts, and clarify assessment requirements;
 - Include content related to objectives and targets in new employee orientation training and regular HSE training to ensure that employees master their own responsibilities.

4.3 Formulation of HSE Management Plans

4.3.1 Role of Management Plans

HSE management plans are specific action plans and roadmaps for achieving HSE objectives and targets. By clarifying technical measures, management measures, resource requirements and time nodes, they ensure the closed-loop management of objectives from "setting" to "implementation" and effectively control HSE risks in business links.

4.3.2 Formulation Requirements for Management Plans

1. Applicable Scenarios: For HSE objectives and targets that need to be achieved through specific projects or systematic measures (e.g., "reduce transportation accident rate", "improve supplier HSE compliance rate"), corresponding HSE management plans must be formulated; for objectives that can be directly implemented simply (e.g., "100% employee check-up rate"), they can be included in the department's daily work plan without formulating separate plans.
2. Responsibility Division: Management plans shall be drafted by the department primarily responsible for achieving the objectives (e.g., the Logistics Department drafts the "Transportation Safety Improvement Plan" for the "transportation safety improvement target"); cross-departmental plans shall be jointly prepared by relevant departments, and the Quality, Safety and Environmental Protection Department shall be responsible for organizing reviews.
3. Plan Requirements: Plans shall be in line with business realities, avoid formalization, and ensure that measures are specific and operable, resource estimates are reasonable, time nodes are clear, and there is a direct connection with objectives and targets.

4.3.3 Content of Management Plans

HSE management plans shall include the following core elements to ensure completeness and operability:

1. Objectives and Targets to Be Achieved: Clarify the company-level or department-level objectives and targets corresponding to the plan, and specify the baseline value of the target (e.g., "Current transportation accident rate: 0.3%; target: reduce to 0.1%") and the target value.
2. Technical Measures: Specific technical methods, engineering transformations and equipment updates adopted to achieve the objectives, such as "install GPS monitoring systems for transportation vehicles", "install intelligent fire alarm devices in warehouses", "adopt automated testing equipment for hazardous material inspection".
3. Management Measures: Supporting management methods, such as formulating and revising the *Supplier HSE Audit Management Measures* and *Transportation Vehicle Safety Inspection Regulations*.