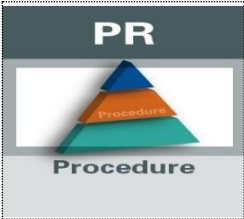



<b>DOCUMENT TYPE</b>	<b>PROCEDURE</b>				
<b>DOCUMENT TITLE</b>	<b>Responsible Sourcing / Workers Protection Standard</b>				
<b>OWNER</b>	<b>VP, Sustainability</b>				
<b>EFFECTIVE DATE FOR IMPLEMENTATION</b>	26/08/2019	<b>VERSION</b>	7	<b>DOCUMENT NUMBER</b>	SUS-PR-002

**PURPOSE:**

The purpose of this procedure is to ensure that all appointed Contractors and Suppliers commit to and comply with Borouge's Responsible Sourcing requirements.

**SCOPE:**

This procedure is applicable to Borouge (both ADP and PTE). All Contractors and Suppliers working for or on behalf of Borouge shall be covered by this procedure.

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**It is the responsibility of the user to ensure that they are using the latest revision of this document.**

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## 1 SUMMARY OF AMENDMENTS

Ver #	Initiated By	Nature of Amendment
1	Fadi El Dabbagh	Procedure development
2	Fadi El Dabbagh	Updated procedure to include the Workers Protection Standard requirements
3	Ahmed Al Romaihi	Updated to follow the new template
4	Fadi El Dabbagh	Updated to change 3.3.4 clause related to working hours
5	Fadi El Dabbagh	Updated attachments names
6	Fadi El Dabbagh	<ul style="list-style-type: none"> <li>1) Removed "who initiates a Contract Request" from the definition</li> <li>2) Updated RACI as per discussion with Procurement</li> <li>3) Changed the word company to contractor where relevant</li> <li>4) Updated attachment I</li> </ul>
		<ul style="list-style-type: none"> <li>1) Updated RACI and SUS-F-002</li> <li>2) Introduced WPS &amp; controls process and Decision diagrams</li> <li>3) Introduced new Methodology and Refusal / non compliance Reporting Process sections</li> <li>4) Added attachment III and IIII</li> <li>5) Updated several sections and modified words</li> </ul>

## 2 TERMINOLOGY

Key terminology used in this document is either defined on its first occurrence or takes the common definition as stated in the;

 Borouge Glossary of Terms & Abbreviations

Terminology	Definition
Contractor	A company that is contracted by Borouge ADP or PTE to handle and perform projects, including providing works, services or goods to Borouge. For the purpose of this procedure, a Contractor shall include all sub-Contractors and / or any entity or individual(s) that have a Contract with the Contractor to provide any services and goods, or execute work forming part of the main Contract with Borouge.
Contract Administrator	A nominated Borouge employee who is responsible for the implementation of the same after Contract award. They are sometimes referred to as End-User Department representative.
Workers Protection Standard Interview	A formal questionnaire designed for Contract administrators to complete while conducting interviews with each employee employed under the Contract to perform work on behalf of Borouge.
Corrective Action Plan	A corrective / preventive action plan designed to ensure Contractors improve their processes to eliminate causes of non-conformities with respect to Borouge's Workers Protection Standard. The plan shall also include steps to proactively prevent the same non-conformities from happening again.

## 3 INTRODUCTION

According to its Sustainability Policy (SUS-POL-001), Borouge is committed to the well-being of society and preservation of the environment, while addressing the economic expectations of our shareholders.

Borouge is also committed to the responsible sourcing of its goods and services.

### 3.1 BOROUGE RESPONSIBLE SOURCING COMMITMENT

*"We aim to do business in a way that preserves the environment, and protects and enhances the lives of workers across our supply chain, and therefore commit to the Responsible Sourcing of our products and services. As this extends beyond the boundaries of our own operations, we collaborate with our suppliers to ensure that they too conduct their business responsibly."*

Borouge Responsible Sourcing Commitment consists of three sets of requirements:

- **Workers Protection**
- **Health, Safety and Environment**
- **Ethics**

Borouge expects all its Contractors and Suppliers to implement the necessary systems and controls to comply with the applicable laws and regulations of the land operation and its Responsible Sourcing requirements, including procedures, training, monitoring and auditing mechanisms.

Continual non-compliance may be a reason for the termination of an Agreement and should lead to them not being considered for future business.

Refer to HSE-PR-005 for HSE requirements, CG-POL-001 for Ethics requirements and here below for Workers Protection requirements.

### 3.2 BOROUGE WORKERS PROTECTION STANDARD

To safeguard the dignity and well-being of the employees of our Contractors and Suppliers, particularly those employees based within our operations, the Company has the Borouge Workers Protection Standard comprising 10 focus areas.



Figure 1 Borouge Workers Protection Standard

### 3.3 THE WORKERS PROTECTION STANDARD (ATTACHMENT I)

All Borouge contractors and suppliers, and their contractors and suppliers, are expected to conduct their business ethically and to protect the rights and well-being of their workers by complying firstly with local and national laws and then to the following requirements. Please note that in the event of any changes to national laws, this will supersede any existing requirements.

**3.3.1 Child labour**

- No children under the age of 15 years old or the minimum age for completion of compulsory education, whichever is the highest, are employed either directly or indirectly by the Contractor
- No children under the age of 18 are employed for hazardous, dangerous or exhausting work, work detrimental to their health, or after 8pm
- Children under the age of 18 do not work overtime

**3.3.2 Forced labour**

- Employees are provided with voluntary and full freedom of movement related to their employment and are not bound by any financial threats such as penalties or loss of rights and privileges
- The Contractor may safeguard employees' personal documents and/or belongings with the employees' permission, without any form of threat or intimidation, provided that they can be returned directly to the employee within five hours
- Employees are not subjected to any form of exploitation and no employment fees or commissions are paid by the employee or his family prior to employment
- All employees are informed of their rights and obligations related to employment and termination

**3.3.3 Discrimination**

- All employees are treated fairly and without discrimination during recruitment and employment
- All employees may perform their religious obligations without restriction or hindrance
- There is no discrimination against employees with special needs or medical conditions unless it impacts their ability to perform their occupation

**3.3.4 Working Hours\***

- A normal work week is not more than 48 hours per employee with the exception of certain services
- Overtime is always voluntary and does not exceed 2 hours per day unless it is for preventing the occurrence of a gross loss or severe accident
- One off-day as minimum per week is provided
- Pauses of up to one hour per five hours is provided
- Employees are provided with annual leave equal to or above national laws
- Transparent and accurate records of employee attendance are recorded by the Contractor

*\* In the UAE, and for certain service providers such as catering and security services, UAE labour law may allow for normal week of 54 hours instead of 48 hours. In China, normal week is 40 hours with a maximum overtime per day of 3 hours allowable (up to 36 hours per month)*

### **3.3.5 Remuneration**

- Comprehensive final offers of employment are agreed in writing prior to employment
- Subsequent changes to employment contracts are mutually agreed and documented
- Employees' net remuneration is equal to or above the legal minimum wage, with total agreed deductions not exceeding the limits specified in the relevant applicable laws
- Legally mandated benefits such as worker compensation insurance and medical insurance are provided
- Employees are paid regularly as contractually agreed, either monthly or weekly and on time, without illegal deductions or penalties
- The Contractor provides accurate and detailed remuneration information to the employee, and maintains accurate current and historical payroll records

### **3.3.6 Freedom of Association**

- Employees are provided with an opportunity to collectively or individually express their concerns and expectations without discrimination and retaliation
- Employees may, within the allowances of local and national laws, bargain collectively without discrimination or retaliation

### **3.3.7 Harassment**

- Employees are protected from any form of physical, verbal or emotional harassment, or the threat thereof
- Employees can appeal against disciplinary actions free from any threat of punishment or retaliation

### **3.3.8 Ethics**

- The Contractor has an Ethics Policy and provides regular training and awareness sessions to all its employees, so that remedial actions can be taken for any breaches
- There is a well-communicated process to communicate grievances or provide feedback, either directly or anonymously, including whistle-blowing, free from any threat of punishment or retaliation



- The Contractor and its employees comply with Borouge's Ethics Code of Conduct at all times and report any knowledge of any breach of this Code to Borouge

### **3.3.9 Conflict minerals and indigenous people**

- Where applicable, the rights to property and land of indigenous people are protected within the framework of Free, Prior and Informed Consent
- The Contractor does not source any materials or products containing minerals from conflict-affected regions impacting workers' rights

### **3.3.10 Communication**

- Workers should always be communicated to in a language they fully understand
- Infringements and input to the Workers Protection Standard may be reported personally to Borouge Contract Administrator and anonymously through [www.borouge.com](http://www.borouge.com)

## **4 HEALTH, SAFETY & ENVIRONMENTAL PRECAUTIONS**

Not applicable

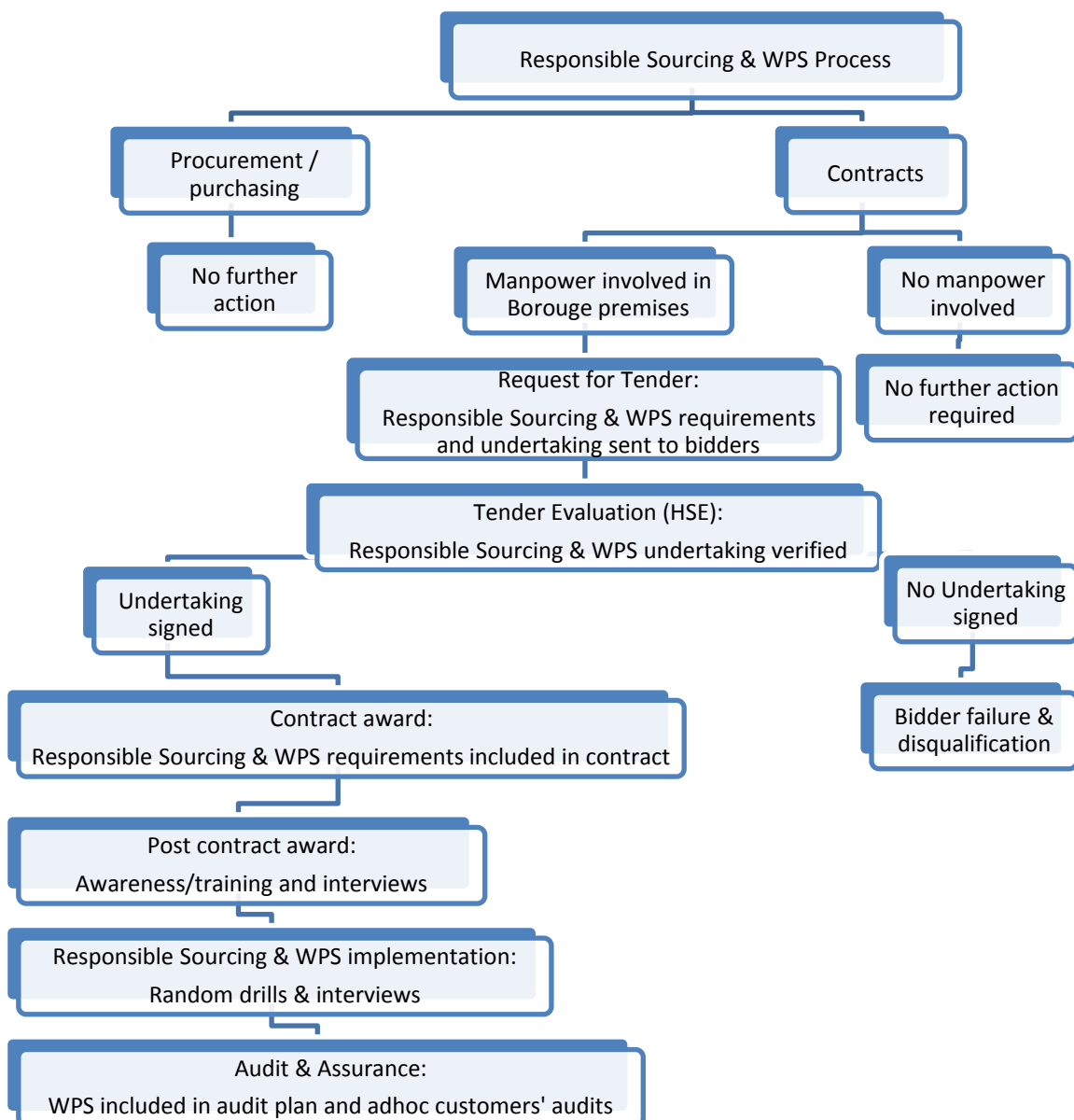
## **5 METHODOLOGY**

Borouge Responsible Sourcing Commitment and Workers Protection Standard were developed based on alignment and benchmarking with the followings:

- 1- UAE ILO ratification
- 2- Labour Laws in countries where we have potential manpower contracts such as UAE and China
- 3- UAE Ministerial Decision No 557 of 2008 of the bylaw regarding private security companies
- 4- ADNOC COP V1-04
- 5- UN Global Compact
- 6- Social Accountability 8000
- 7- Industry best practices: IKEA IWAY, Unilever Responsible Sourcing Policy, Maersk, ArcelorMittal, Bayer, Dow, Nestle, EICC, ICMM and Volvo

## 6 PROCEDURE DETAILS

- Compliance to Borouge Workers Protection Standard is mandatory for all Contractors where manpower is permanently dedicated within Borouge’s operations and / or supply chain during the course of the Contract with the exception of infrequent, one time and/or non-repetitive, contracts e.g. IT services, consulting, event organisers and service orders.
- It is not mandatory for all other Contractors and Suppliers to fully comply with the Borouge Workers Protection Standard, however, Borouge will ensure they are informed of the Standard and will aim to increase their level of compliance.
- The Borouge Responsible Sourcing Commitment and Workers Protection Standard decision process can be described as follows:



Further details on the above can be found in section 6.1 below.

## 6.1 COMPLIANCE PROCESS

The process for compliance to the Borouge Workers Protection Standard is based on the five stages.



- 1- Compliance to Borouge Workers Protection Standard is mandatory for all contractors where manpower is permanently dedicated within Borouge's operations and/or supply chain during the course of the contract with the exception of infrequent, one time and/or non-repetitive, contracts e.g. IT services, Consulting, event organisers and service orders.
- 2- While it is not mandatory for all other contractors and suppliers to fully comply with the Borouge workers protection standard, Borouge will ensure they are informed of the standard and will aim to increase their level of compliance

The following steps apply only to Contractors where mandatory compliance is required i.e. Contracts where manpower is to be permanently dedicated in Borouge's operations and / or supply chain during the course of the Contract.

### 6.1.1 Definition of requirements

- Sustainability shall define the Borouge Responsible Sourcing Commitment & Workers Protection Standard requirements and update the documentation accordingly.

### 6.1.2 Registration

- At the moment, this step is done at ADNOC Procurement.

### 6.1.3 Request for Tender

Procurement shall send the following documents to potential bidders.

- Borouge Sustainability Policy (SUS-POL-001)
- Borouge Code of Conduct (CG-POL-001) ([Borouge Code of Conduct](#))
- Borouge Workers Protection Standard (Attachment I)
- Responsible Sourcing Commitment and Workers Protection Standards Undertaking (III)

Borouge Workers Protection Standard Undertaking shall be signed by bidders and returned with the tender submission to Borouge.

**6.1.4 Tender evaluation (HSE)**

- HSE and/or Contract Administrator shall confirm that Responsible Sourcing Commitment and Workers Protection Standards Undertaking has been signed and submitted. Tenders with non-signed undertakings shall be immediately redeemed failed.
- Line Manager shall approve the disqualification of tenders with non-signed Bourouge Responsible Sourcing Commitment and Workers Protection Standard undertaking.

**6.1.5 Contract award**

- Procurement shall incorporate the Special Conditions (Attachment II) for the Bourouge Responsible Sourcing and the Workers Protection Standard as a mandatory legal part the Contract.
- Contract Administrator shall advise the Line Manager, Sustainability and HSE when a Contract has been awarded and the names of the Contractor's Contract Administrator.

**6.1.6 Contract post-award**

- Contract Administrator shall advise/train Contractor's Contract Administrator and/or Management of the Workers Protection Standard requirements.
- Contract Administrator shall execute the Bourouge Workers Protection Standard Interview (SUS-F-002) with approximately 10% of the Contractor's total workforce to be employed at Bourouge (or as reasonable as possible where large manpower is above 200 people involved with Bourouge) within the first month of the implementation of the Contract.
- Where a non-conformance is identified, the Contractor shall submit a Corrective Action Plan (QM-F-010) and ensure that the non-conformance(s) is addressed within six weeks.
- Line Manager shall agree on the Corrective Action Plan submitted.
- Contract Administrator shall ensure that the Contractor submits evidences to prove that the non-conformance(s) has been resolved in due time.
- Records shall be maintained by the Contract Administrator.

**6.1.7 Workers Protection Standard implementation**

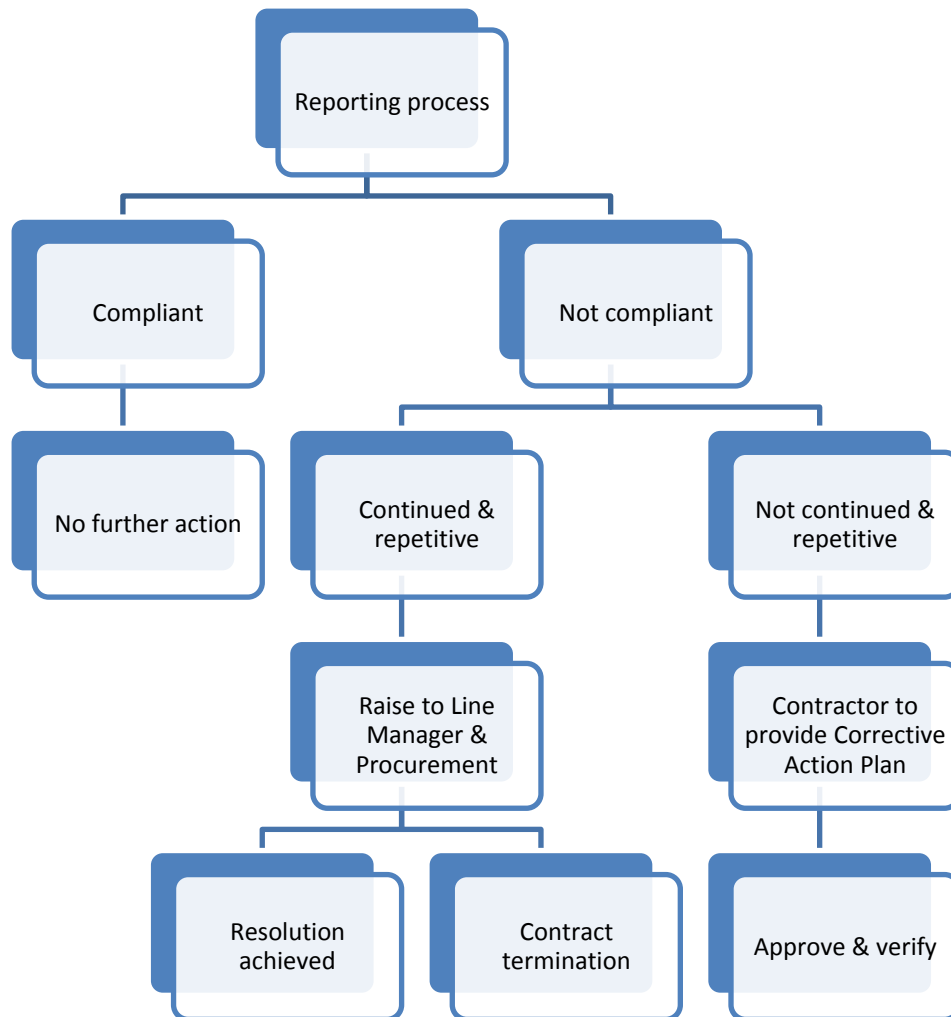
- Contract Administrator shall conduct unannounced random interviews at least twice a year with approximately 10% of the Contractor's total workforce at Bourouge (or as reasonable as possible where large manpower is above 200 people involved with Bourouge) by completing the Bourouge Workers Protection

Standard Interview (SUS-F-002). You may use the SUS-F-002 as Excel format or the electronic Borneo version [SUS-F-002 \(Electronic version\)](#).

- Contract Administrator shall execute unannounced random live-drills at least twice a year to test the Contractor's ability to provide their employees with their passports within 5 hours, where applicable.
- Contractor shall submit a Corrective Action Plan ensuring that any non-conformance(s) is addressed within six weeks.
- Line Manager shall agree on the Corrective Action Plan submitted.
- Contract Administrator shall ensure that the Contractor submits evidence that the non-conformance(s) has been resolved in due time.
- Records shall be maintained by the Contract Administrator.
- Quarterly meetings shall be conducted and led by Line Managers with Contract Administrators to review key findings and areas of concern.

## **6.2 REFUSAL / NON COMPLIANCE REPORTING PROCESS**

In the case of continued non-compliance (refusal/failure in three separate and repetitive checks/audits), Contract Administrator shall report any contractor to the respective Line Manager and Procurement to evaluate the case and seek a solution with the reported contractor. If a solution is not reached, it may lead to contract termination. The diagram below shows the reporting flow in case of identified non-compliances to the standard.



### 6.3 TRAINING

As part of the Learning and Development's Training Plan, training on the Borouge Workers Protection Standard shall be provided to the Contractors by Sustainability. On a yearly basis, Sustainability and/or Procurement shall conduct at least two workshop/training sessions to Contract Administrator (s) for awareness as per the Sustainability and Procurement Contract Administrator's Awareness Session on Roles & Responsibilities' training plans in Ruwais (one session) and Abu Dhabi (one session).

### 6.4 SPECIAL CUSTOMER REQUIREMENTS

Where a customer and/or third party require Borouge to comply with specific requirements related to the protection of workers and ethics, Sustainability is responsible to assess these requirements and advise the organisation as necessary. Amendments to the Borouge Workers Protection Standard shall be reviewed accordingly.

## 6.5 RECORDS

All documents and evidences submitted to and received from the Contractor shall be kept on record for auditing purposes:

- 1- Prior to contract award, Procurement shall maintain the records
- 2- Upon contract award, the Contract Administrators shall maintain the records e.g. the Borouge Workers Protection Standard Interview form (SUS-F-002), drill results, Corrective Action Plan, evidences, complaints received from contractors employees and communications with contractors etc.

All documents and evidences submitted to and received from the Contractor shall be kept on record by the Contract Administrator and/or Procurement for auditing purposes.

## 6.6 CONTRACT TERMINATION

Continued non-compliance (refusal/failure in three separate and repetitive checks/audits) to the Borouge Workers Protection Standard is a breach of Contract and may lead to termination of the Contract in line with Borouge procedures.

## 6.7 AUDIT

To provide reasonable assurance on compliance to the Borouge Responsible Sourcing Commitment, IMS & Regulatory Compliance Audit team conducts regular internal audits using the extended assurance model. The frequency of such audits are as per the Audit and Assurance Function's approved procedures.

In addition, on a need to need basis, special audits are also being conducted to address compliance requirements against the BWPS.

## 7 RESPONSIBILITIES

The Borouge Workers Protection Standard and controls are aligned with the Procurement process as illustrated below:



The responsibilities for the implementation of the Bourge Workers Protection Standard are as follows:

<b>Responsible (R):</b> <ul style="list-style-type: none"> <li>▪ The person who is assigned to <u>do</u> the work. Responsible for action and/or implementation</li> <li>▪ At least one 'responsible' role per activity</li> </ul>	<b>Accountable (A):</b> <ul style="list-style-type: none"> <li>▪ The person who <u>makes the final decision</u> and has the ultimate ownership of the outcome</li> <li>▪ Only one 'accountable' role can be assigned for an activity</li> </ul>	<b>Consulted (C):</b> <ul style="list-style-type: none"> <li>▪ The person who must be consulted <u>before</u> a decision or action is taken</li> <li>▪ <u>Two-way</u> communication between the responsible and the consulted</li> </ul>	<b>Informed (I):</b> <ul style="list-style-type: none"> <li>▪ The person who must be informed that a decision or action has <u>been taken</u></li> <li>▪ <u>One-way</u> communication from the responsible to the informed</li> </ul>
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Activity  Role	Procurement	Contract Administrator	Sustainability	HSE	A&AF	Line Manager (VP/SVP)
Definition of requirements	I	I	A,R	I	I	i
Request for tender	A,R					
Tender evaluation (HSE) <sup>1</sup>	I	R		R		A
Contract award <sup>1</sup>	A	I	I	I		I
Contract post-award <sup>1</sup>		R	I	I		A
Responsible Sourcing Commitment & Workers Protection Standard implementation <sup>1</sup>		R	C	R		A
Audit and Assurance <sup>1</sup>	I	I	C	I	A,R	I

<sup>1</sup> These activities refer only to Contracts where mandatory compliance to the Bourge Responsible Sourcing Commitment & Workers Protection Standard is required.

Notes:

- Every step has specific activities and details as shown section 6 (6.1 - 6.1.7)
- This is a reflection of the approved RACI of each relevant and involved function



## 8 RECORDS/ EXPECTED RESULTS

All Contractors where manpower is permanently dedicated within Borouge's operations and/or supply chain during the course of the contract with the exception of infrequent, one time and/or non-repetitive, contracts e.g. IT services, Consulting, event organisers and service orders are complying with Borouge Responsible Sourcing Commitment.

All other Contractor and Suppliers are aware of Borouge's commitment to Responsible Sourcing and aim to comply.

## 9 DEVIATIONS FROM PROCEDURE

Deviations from the requirements of this procedure are not permitted without a written waiver formally authorized by the Document Owner. The automated [Waiver Request Form](#) shall be filled up by the user and approved by the Document Owner.

## 10 SUGGESTIONS FOR IMPROVEMENT

Employee contribution to the effectiveness of the way Borouge conducts its business is welcomed. Any employee of Borouge may suggest changes / revisions to this procedure by submitting request for improvement through [My Idea!](#)

## 11 REFERENCES & ATTACHMENTS

### 11.1 REFERENCES

Document No.	Title
QM-GU-001	Borouge Glossary of Terms & Abbreviations
SUS-F-002	Borouge Workers Protection Standard Interview (Excel Form) or use electronic version at <a href="#">WPS interview form (Electronic version)</a>
SUS-POL-001	Sustainability Policy
PROC-POL-001	Procurement Policy
CG-POL-001	Ethics Policy
PROC-BPD-010	Procurement Business Process
HSE-PR-005	HSE Management of Contractors
QM-F-010	Corrective Action Form
QM-F-007	Waiver Request

### 11.2 ATTACHMENTS: BOROUGE WORKERS PROTECTION STANDARD

- Attachment I: Borouge Workers Protection Standard
- Attachment II: The Special Conditions for Responsible Sourcing and the Borouge Workers Protection Standard
- Attachment III: Responsible Sourcing Commitment and Workers Protection Standard Undertaking
- Attachment IIII: UAE ILO Ratification, UAE Labour Law, ADNOC COP and IKEA IWAY requirements