Sasol Group Procedure for Service Provider Safety Management (SPSM)

Document number: SSC-SAF-GST-00006

Purpose
The purpose of the Service Provider Safety Management procedure is to ensure that levels of safety are not compromised by Service Provider activities on Sasol premises, leading to any undesirable events taking place.

SHE Functional Owner
Sasol Corporate SHE
Sub-functional
Safety
Document category
Group procedure

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Review date
June 2017
Supersedes
SSC-SAF-GST-00006 Rev 4

Compiler
SS Muller
Document owner
N Franklin

Approved by:

____________________  ________________________
Signature           Approval date
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<tr>
<th>Position</th>
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<tbody>
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## DOCUMENT REVISIONS

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<tr>
<td>Rev 0</td>
<td>Original document.</td>
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<tr>
<td>Rev 2: 18 Apr 2007</td>
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## 1 Definitions and abbreviations

### 1.1 Definitions

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<th>Terminology</th>
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<tr>
<td><strong>ARIBA</strong></td>
<td>Ariba Management software (referred to as ARIBA) is a “Source to Pay” cloud based software solution that offers an open network and web-based application to automate the source to pay process between buyers and sellers</td>
</tr>
<tr>
<td><strong>Area specification</strong></td>
<td>This specification is applicable to the area where the work will be executed and supplements the Sasol Generic and Sector specifications</td>
</tr>
<tr>
<td><strong>BU SHE representative</strong></td>
<td>A safety practitioner or specialist from the BU SHE function</td>
</tr>
<tr>
<td><strong>Contractor (also sub-contractor)</strong></td>
<td>Any person or individual rendering a service to, or supporting the primary Service Provider (Principal Contractor) on a Sasol site. The sub-contractor remains the accountability of the primary SP and should ideally be a Sasol Approved Service Provider</td>
</tr>
<tr>
<td><strong>End User</strong></td>
<td>The Sasol representative (may also be referred to as the Client) that utilizes the available services provided by Service Providers.</td>
</tr>
<tr>
<td><strong>External Certification audit</strong></td>
<td>Audit conducted for certification purposes, by certification bodies accredited by a national accreditation body. Certificates issued by accredited certification bodies are recognized by international trading groups. These audits are conducted against International Standards (ISO / OHSAS etc.)</td>
</tr>
<tr>
<td><strong>Generic Sasol SHE Specification</strong></td>
<td>The document that prescribes the requirements for a Service Provider to be recognised as a Sasol Approved Supplier to execute work. This specification is applicable to the Sasol Group and can be supplemented by the applicable Sector and/or Area SHE Specification/s</td>
</tr>
<tr>
<td><strong>Hazard</strong></td>
<td>An inherent property or characteristic of a material, system or process that has the potential for causing serious injury to people and damage to property or the environment.</td>
</tr>
<tr>
<td><strong>Incident</strong></td>
<td>An unplanned event that has an undesirable consequence</td>
</tr>
<tr>
<td><strong>Operational Area</strong></td>
<td>The physical structure or area where the production, storage, or transfer of products (including waste) takes place. This shall include areas where supporting activities take place (e.g. workshops, office buildings, laboratories etc.)</td>
</tr>
<tr>
<td><strong>Permit to Work</strong></td>
<td>An authorisation to perform work safely on, in or around specific equipment, operational facilities or work environment following predetermined precautionary measures</td>
</tr>
<tr>
<td><strong>Principal Specialist SC</strong></td>
<td>A member of Supply Chain Procurement &amp; Supply Management function responsible to manage a specific contract, based on a specified scope of work.</td>
</tr>
<tr>
<td><strong>Process Safety Management (PSM)</strong></td>
<td>Application of management systems and controls (programs, procedures, audits, evaluations) to a manufacturing or chemical process in such a way that process hazards are identified, understood, and controlled to prevent process-related injuries and incidents</td>
</tr>
<tr>
<td><strong>Risk</strong></td>
<td>A measure of potential economic loss, human injury or environmental damage (cost) in terms of the probability of the loss, injury, or damage over a period of time</td>
</tr>
<tr>
<td><strong>Sasol Certification Assessment</strong></td>
<td>Assessment conducted by SC: Operations Support, supported by at least the Service Owner and other technical specialists, to determine the risk of initiating or continuing with a business relationship with a supplier, based on Sasol requirements</td>
</tr>
<tr>
<td><strong>Sasol Service Provider List</strong></td>
<td>A internal Service Provider database, maintained by SC: Operations Support, of all approved Service Providers, the risk ratings and SHE grading achieved during the Sasol Certification assessment</td>
</tr>
<tr>
<td><strong>Sasol Supplier List</strong></td>
<td>List of Sasol suppliers, approved and registered on the SAP system</td>
</tr>
<tr>
<td><strong>SC: Operations Support</strong></td>
<td>Team of Supply Chain employees responsible for coordinating Sasol Certification and technical assessments of suppliers</td>
</tr>
<tr>
<td><strong>Scope of work</strong></td>
<td>Specification compiled by the end-user or Service Owner, indicating: • The work or services to be provided or performed by a Service Provider on a Sasol site/s or site/s where Sasol has temporary operational control; • BU SHE Specification and critical control requirements; • Area where such work or services will be executed</td>
</tr>
<tr>
<td><strong>Sector SHE Specification</strong></td>
<td>The document that prescribes the requirements for work to be conducted by a Service Provider in the Petrochemical, Mining or Construction sectors. This specification must supplement the Generic Sasol SHE Specification</td>
</tr>
<tr>
<td><strong>Service Offering SHE Plan</strong></td>
<td>A documented plan that addresses the practices, methodologies, actions, tools, equipment and behaviours to safely execute the intended services. It addresses the Service Provider’s entire approved suite of services</td>
</tr>
<tr>
<td><strong>Service Owner</strong></td>
<td>A Sasol representative that is accountable for defining the need and scope of work, and participates in the Sasol Certification and technical assessment prior to contracting. The Service Owner will also retain accountability for the on-going safety performance management of the service provider. The Service Owner can also be the end user.</td>
</tr>
<tr>
<td><strong>Service Provider (SP)</strong></td>
<td>A business entity that supplies services under its own supervision, on Sasol premises, or premises where Sasol has temporary operational control</td>
</tr>
<tr>
<td><strong>SHE File</strong></td>
<td>A file containing the service offering SHE Plan as contemplated by the relevant regulation and/or Client requirements, including the documentation necessary to provide proof of compliance</td>
</tr>
<tr>
<td><strong>SPAAF</strong></td>
<td>Forum with representatives that include Category Managers and Business Unit Supplier Managers, with the responsibility to review and approve Service Provider Certification Assessment reports</td>
</tr>
<tr>
<td><strong>Supplier of Goods</strong></td>
<td>This is a supplier of material, equipment and consumables etc. (i.e. not performing work on site) who delivers to Sasol warehouses.</td>
</tr>
<tr>
<td><strong>Supplier of Services</strong></td>
<td>See Service Provider</td>
</tr>
<tr>
<td><strong>Task</strong></td>
<td>A task is a number of activities to be performed on a specific, uniquely identified, item of equipment that will achieve a desired result</td>
</tr>
<tr>
<td><strong>Technical assessment</strong></td>
<td>Technical assessment of a supplier, coordinated by SC: Operations Support, and conducted by a subject matter expert commissioned by Supply Chain Procurement for evaluation of compliance before placing or renewing of a contract, or after significant business changes</td>
</tr>
<tr>
<td><strong>Undesirable event</strong></td>
<td>This is the occurrence when control is lost, the hazard is released or the initial consequence occurs. This is thus any event that jeopardises Sasol’s goal of zero harm to people, property or the environment</td>
</tr>
<tr>
<td><strong>Zero Harm</strong></td>
<td>No hurt, damage, injury, impairment to any people, property or the environment under Sasol’s control.</td>
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</tbody>
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### 1.2 Abbreviations

| **Terminology** | **Description** |
| BU | Business Unit |
| OSHA | Occupational Safety and Health Administration |
| PHA | Process Hazard Analysis |
| PSI | Process Safety Information |
| PSM | Process Safety Management |
| SAP | System Application Products for Data Processing |
| SC | Supply Chain |
| SHE | Safety, Health and Environment |
| SIL | Safety Integrity Level |
| SOF | Supplier Optimisation Forum |
| SP | Service Provider |
| SPAAF | Service Provider Assessment Adjudication Forum |
| SPSM | Service Provider Safety Management |

Further definitions and abbreviations relevant to this procedure are documented in PSM S1.17.
2 **Introduction and purpose**

The One Sasol SHE Excellence approach was implemented to provide Sasol with a management framework to ensure that we approach the delivery of our goals in a risk-based, standardised and systematic way.

In line with this, Service Providers utilised in Sasol Operational areas, or where Sasol has temporary operational control should be evaluated, managed and developed to ensure measures can be taken to address identified risks.

This procedure specifies requirements to assist in achieving Sasol’s corporate aim of zero harm and preventing undesirable events from occurring that may arise out of the activities of Service Providers on our sites. It replaces the previous S1.6 PSM standard for Service Provider Management.

3 **Scope and Field of Application**

3.1 All Sasol business units shall implement this procedure to manage safety during Service Provider activities on a Sasol site.

3.2 The field of application includes Sasol’s chemical, mining and design businesses (Sasol Technology) in South Africa as well as Joint Ventures where Sasol has operational control.

3.3 This procedure is also applies to businesses operating outside of South Africa, unless local legislation is more stringent.

3.4 This procedure applies to Service Providers performing maintenance or repair, shutdown, major renovation, or specialty work on or adjacent to an operational area.

3.5 This procedure is not applicable to Suppliers of Goods, Suppliers of Services where the work is executed outside of Sasol premises, consultants or temporary workers.

3.6 Requirements set out in this procedure are aligned with the OSHA PSM requirements.

4 **Roles and Responsibilities**

4.1 **Sasol’s Responsibilities:**

Sasol shall:

4.1.1 Obtain and evaluate information about Service Providers’ safety performance, including safety systems and current injury and illness incidence rates.

4.1.2 Verify that each Service Provider employee is trained in the work procedures necessary to perform the job safely and are aware of applicable Sasol procedures.
4.1.3 Inform Service Providers of the known potential fire, explosion, or toxic release hazards related to the operational area where Service Providers are executing their tasks.

4.1.4 Provide Service Provider employees with access to PHAs and PSI if required for the work they need to perform e.g. if SIL reviews are to be performed.

4.1.5 Provide Service Providers with a baseline risk assessment prior to execution of the task or scope of work.

4.1.6 Explain to the Service Provider the applicable provisions of the plant and site emergency action plans required by S1.12 Sasol Group PSM Procedure for Emergency Response so that their employees know what to do in an emergency.

4.1.7 Develop and implement procedures to control the entry, presence, and exit of Service Providers e.g. site and plant induction, medicals etc.

4.1.8 Establish a system to ensure that Sasol employees and third parties are aware of Service Provider activities that may have an impact on the operational area.

4.1.9 Train and declare competent selected Service Provider employees identified as permit-to-work recipients in the permit-to-work system.

4.1.10 Conduct periodic evaluations of Service Providers’ safety performance in fulfilling their obligations.

4.2 Service Provider’s Responsibilities:

The Service Provider shall:

4.2.1 Ensure that their employees are trained in the work practices necessary to safely perform his/her job.

4.2.2 Document training by keeping records that identify the employee, type and date of training, and include a means to verify successful completion and declaration of competence where applicable.

4.2.3 Ensure that each of their employees is instructed in the known potential of fire, explosion, or toxic release hazards related to the job, and the applicable provisions of the approved emergency plan.

4.2.4 Ensure that the baseline risk assessment provided by Sasol has been explained and communicated to their employees, and that these risks have been addressed in their service offering SHE plan.

4.2.5 Ensure that each of their employees follow the safety rules of the facility, including the safe work instructions and site procedures.

4.2.6 Advise Sasol of any unique hazards introduced by the Service Provider’s work, or of any hazards discovered in the course of their work.
5     Standard

5.1  Establishment of Service Provider Technical Working Group

5.1.1 A Service Provider Technical Working Group was established with the following responsibilities:

a) Establish and maintain a Service Provider Safety Management procedure, which will be approved by the PSM Steering Committee, to give effect to the requirements of the One Sasol SHE approach.

b) Discuss, give input into and establish requirements for the management of Service Providers rendering a service to Sasol.

5.1.2 The meeting will be chaired by a member of the group, with chairmanship up for rotation every three months.

5.1.3 Meeting members shall include business unit representatives from the safety fraternity as well as representatives from the Supply Chain environment that has a direct control in their respective business units on the management of Service Providers, or has been delegated by the relevant responsible person to represent the interests of their business unit regarding the management of Service Providers.

6     Approach

Below follows a description of the following service provider safety management elements:

1. Supplier application
2. Supplier certification assessment
3. Contract award
4. Supplier contract / project execution
5. Supplier performance management

6.1  Supplier Application

6.1.1 The Service Owner or End User, whichever is applicable, will identify the need for a specific scope of work to be rendered by Service Providers.

6.1.2 This request will be forwarded to the BU: Supplier Manager for review.

6.1.3 The request must include the following information:

a) Detailed scope of work

b) Specification of applicable legal, sector and area specification(s)

c) Definition of the work area or specific sites where the services is to be performed.

6.1.4 The BU: Supplier Manager will verify the need for a new supplier to be registered
6.1.5 Once the need is confirmed, the BU: Supplier Manager will send the request to the relevant SC: Category Manager for action.

6.1.6 The SC: Category Manager will review the request, and identify potential suppliers through the relevant Regional Supply Chain procedures, should no suitable entities be available on the current Sasol Supplier List.

6.1.7 The identified suppliers will receive a notification to apply for placement on the Sasol Supplier List to provide the requested scope of work.

6.1.8 The supplier will complete the relevant regional application process, submit their supporting documentation as prescribed and confirm their ability to comply with the requirements as set out in the invitation.

6.2 Supplier Certification assessment

6.2.1 SC: Operational Support Application team will conduct a legal and business pre-qualification to ensure that there are no legal reasons preventing a future business relationship with the identified supplier.

6.2.2 SC: Operational Support Accreditation team will concurrently do a basic verification assessment of the supplied safety documents to verify an 80% certified safety system for high or medium risk entities, and a legal compliance audit certificate for low risk entities. If high or medium risk entities do not have an 80% certified system, they will be declined by default.

6.2.3 Should the supplier fail any of these verifications, SC: Operational Support Application team will send a rejection notice to the supplier, after consultation with the SC: Category Manager.

6.2.4 When the supplier is deemed compliant during the legal and business pre-qualification, and safety review, the SC: Category Manager will be informed to make a final decision on the type of certification assessment required and risk ranking.

6.2.5 SC: Operational Support Accreditation team will facilitate a certification assessment of the supplier’s existing safety and/or technical performance and their overall management system effectiveness to determine if the supplier complies or has the ability to comply with Sasol’s SHE and technical specifications, based on the submission and evaluation of a service offering SHE plan;

6.2.6 The certification assessment team shall consist of at least the following stakeholders:
   a) SC: Accreditation Specialist and
   b) Service Owner and/or
   c) End-user and/or
   d) BU SHE representative and/or
   e) Other relevant technical subject matter experts

6.2.7 The certification assessment team will confirm the supplier’s:
a) Understanding of supplied generic SHE, sector and area specifications by reviewing the applicable Service Provider’s service offering SHE plans and management systems;

b) Organizational capacity and resources;

6.2.8 The SC: Accreditation Specialist will formalize the report and obtain approval and signoff from Sasol assessment attendees, before presenting the assessment outcome at the Service Provider Assessment Adjudication Forum (SPAAF) and/or Supplier Optimization Forum (SOF) for approval.

6.2.9 Once approval has been received, SC: Operational Support will update the Service Provider’s information on the Service Provider Database.

6.2.10 The SC: Operational Support team will maintain assessment reports on the approved data repository.

6.2.11 SC: Operational Support Accreditation team, supported by other relevant stakeholders, will conduct ad hoc assessments on existing entities:
   a) After scope changes
   b) After three serious non-conformances
   c) After any fatal incident
   d) Before contract renewal

6.2.12 Where a supplier fails the certification or pre-qualification assessment, the Service Owner, supported by the End User and/or BU: Supplier Manager, will provide a proper motivation for a re-assessment, where the services of this supplier is critical to Operations.

6.2.13 This re-assessment will however only take place after six months from the previous assessment to facilitate the necessary system improvements. Earlier assessments can be requested after proper motivation was provided, to indicate understanding that non-compliance during the re-assessment will lead to the supplier to be rejected.

6.3 Contract Award

6.3.1 The Principal Specialist SC shall not award a contract to any Service Provider before a certification assessment has been completed, and the supplier is deemed compliant.

6.3.2 SC: Master Data will only place a Service Provider on the Sasol Supplier List after approval has been granted by the SC: Category Manager, taking into account the recommendations of the Supplier Optimization Forum for Suppliers of Goods and/or SPAAF for Suppliers of Services, based on the findings of the technical and/or safety certification assessments.

6.3.3 The Principal Specialist SC shall only request a quotation from Service Providers placed on the Sasol Supplier List, based on the scope of work, and after confirming
that the last certification and/or technical accreditation covers the intended scope of work.

6.3.4 Should the intended scope of work fall outside the pre-approved scope of work, the Principal Specialist SC will request a new certification and/or technical assessment from SC: Operations Support, based on the changed scope of work.

6.3.5 The Principal Specialist SC shall provide the Service Provider with the intended scope of work and sector relevant safety and area specifications supplied by the BU: Supplier Manager.

6.3.6 The Principal Specialist SC shall ensure that the deliverables in the scope of work and all safety requirements are contractually binding and enforceable.

6.3.7 The Principal Specialist SC shall only award the contract to the most appropriate Service Provider.

6.4 Supplier contract / project execution

6.4.1 When work is be performed, the End User will submit a task/project request to the Service Owner, specifying
   a) the intended scope of work,
   b) site where work is to be executed
   c) area specification

6.4.2 The End User, supported by the BU SHE representative shall
   a) Participate in the bid/scope clarification and host a site visit for the Service Provider, where required.
   b) Supply the necessary baseline risk assessment for construction related work.
   c) Supply Process Hazard Assessment and Process Safety Information when required.
   d) Complete the hazard review checklist and potential safety risks associated with the work or services to be performed, in conjunction with the Service Provider.
   e) Specify any hazards and risks relating to adjacent or neighboring sites/plants, after consultation with the Operations representative in the area.
   f) Complete the relevant sections of the Pre-task risk assessment document before supplying it to the Service Provider for completion.

6.4.3 The End User shall ensure effective management mechanisms are established to control the entry and exit of authorized Service Provider employees to hazardous process areas in order to reduce exposure to harm. This is over and above the main access control for the site.

6.4.4 BU: Operations shall ensure that
   a) All the Service Providers and sub-contractor employees entering Sasol sites have attended the site and/or plant specific SHE induction.
b) Ensure, that as part of the induction training, Service Provider employees are informed of the plant emergency plan and response program in accordance with the provisions of PSM Element Standard S1.12.

c) At least the following shall be included in induction training:
   - Overall Sasol site emergency plan and training;
   - Plant emergency plan including neighboring units;
   - Participation in emergency exercises where applicable.

d) Ensure that Service Provider employees identified as permit to work recipients are trained and declared competent in the Permit to Work System.

6.4.5 The Service Owner, supported by the End User and/or BU SHE representative, shall

   a) Verify that records of SHE Induction and training provided by Sasol to Service Providers are maintained by identified Sasol representatives.

   b) Verify that the Service Provider maintains and keeps record of all required SHE training during surveillance assessments.

   c) Conduct surveillance assessments on Service Provider SHE files on a regular basis, as per risk categorization of the Service Provider.

   d) Track the development and implementation of corrective action plans and close-out of audit findings by the Service Provider.

6.4.6 A Service Provider shall not perform any work or service before:

   a) Completing the relevant sections of the Pre-Task Risk assessment document, specifying any unique hazards from the interaction between their tasks and the Sasol working environment.

   b) Obtaining a permit to work from Sasol where required.

   c) Obtaining written acknowledgement of communication of pre-task risk assessment requirements to employees.

6.4.7 The Service Provider shall ensure that the following is complied with:

   a) Report all injuries, equipment damage and process safety incidents without delay to the BU: Operations representative and/or end-user and/or Service Owner.

   b) Have a procedure, in line with legal and other requirements, for investigation, reporting and follow up of incidents and near misses. Sasol representatives shall be informed of the incident investigation process where significant incidents occurred, in order to attend where deemed necessary.

   c) Communicate in writing or other auditable method, the results of the incident investigations to their employees and to the relevant Service Owner and/or end-user.

   d) Ensure that all his/her employees are trained in the necessary work practices to safely perform his/her job.

   e) Document required safety and competence training, and include a means to verify successful completion of training and declaration of competence, where applicable, as well as medical surveillance records.
f) Ensure that all employees undergo and have valid plant specific induction as required, before task execution.

g) All changes in conditions (even those from neighbouring sites/plants) influencing the risks relating to the work or service, as communicated by Sasol, is communicated to his/her employees, and record of such communication is kept.

h) Continuously monitor and supervise employees to ensure compliance with safety rules of the facility, including the safe work instructions and site procedures.

i) Ensure communication of and compliance to the Sasol specifications by all his contractors.

j) Inform Sasol of any hazards discovered in the course of the execution of the service offering scope of work.

6.5 Supplier performance management

6.5.1 The Principal Specialist SC will initiate a formal service evaluation at least six monthly for term contracts, and after every job for single contracts or short term projects.

6.5.2 The Service Owner, supported by the BU: Supplier Manager and/or Principal Specialist SC shall continuously review its on-going relationship with its Service Providers, which is dependent on, *inter alia* their safety performance, and provide this feedback to the Principal Specialist SC for recordkeeping.

6.5.3 The Service Owner, supported by the end-user and/or BU SHE representative shall evaluate the Service Provider’s safety performance against the contractual requirements.

6.5.4 Where there were no non-conformances reported during the execution of the contract or project period, the Service Provider may be demobilized from the site as per relevant Sasol procedure.

6.5.5 Service Owners, with support from the End Users and/or BU SHE representatives shall:

a) Stop the work execution and communicate it to the Service Provider management representative, where the non-conformance experienced poses an immediate threat to the health and safety of employees.

b) Complete the approved non-conformance document, and report it on the approved Non-Conformance Management System for tracking.

c) Supply a copy of the non-conformance notice to the Service Provider within 7 days from the date of the incident.

d) Inform the Principal Specialist SC to identify an alternative Service Provider to render the scope of work until the original non-conformance is addressed and corrected, where required.
6.5.6 The Principal Specialist SC shall issue a contractual non-conformance letter to the Service Provider, and will identify alternative Service Providers to provide the scope of work, where necessary.

6.5.7 The Service Provider management representative shall
a) Investigate the non-conformance
b) Implement the necessary corrective and preventative measures, and
c) Provide the complainant with an action plan and feedback on the proposed corrective and/or preventative measures within 7 (seven) days of receiving the non-conformance notice.

6.5.8 Should three or more non-conformances be reported against a Service Provider; the Principal Specialist SC Service Owner or end-user will request SC: Operational Support to coordinate an ad-hoc safety assessment.

6.5.9 Failure to comply during this ad-hoc safety assessment can result in the Service Provider being temporarily blocked from rendering a service to the specific business unit or Sasol, based on a discussion between the Service Owner and relevant stakeholders.

6.5.10 With a second instance of SC: Operational Support having to do an ad-hoc assessment due to non-conformances, the Service Provider will be referred to the Deselection Committee for removal from the Sasol List, after consultation with the relevant stakeholders.

7 Record matrix

Table 1: Record matrix

<table>
<thead>
<tr>
<th>Record nr.</th>
<th>Record description</th>
<th>Responsibility</th>
<th>Medium</th>
<th>Storage location</th>
<th>File</th>
<th>Retention period</th>
<th>Disposal method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed</td>
<td>Group Procedure Service Provider Safety Management</td>
<td>SHE Centre Specialist</td>
<td>Paper</td>
<td>Scanned to DMS</td>
<td>N/A</td>
<td>5 years</td>
<td>Paper copy: Shredded Electronic copy: Archive on DMS</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Electronic</td>
<td>DMS</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Note: Files with hard copies are kept in the document store while the product/customer is active - thereafter it is archived. Electronic data is stored on the server and is backed up as per the IT procedures.

8 References
Sasol (2008), *Sasol Process Safety Management Standards* [Online], Available at: http://intwww.sasol.com/sasolkmandshe/body.aspx?SiteID=1280&ParentID=1279&Hierarchy Level=3&BUnit=She%20Centre&TypeID=2


Annexure 1 – Guiding principles

Principles of engagement between Sasol and Suppliers (expectations):

1. We as Sasol accept that the supplier:
   a) is a responsible employer in terms of all relevant legislation;
   b) is safety conscious and inherently averse to harm;
   c) is a registered with compensation fund or licensed compensation insurance institution;
   d) has all legal appointments in place;
   e) possesses all relevant and applicable tools and equipment for services agreed upon;
   f) employs competent (knowledge, skills and experience) people for every activity required to deliver the services agreed upon;

2. The SP can reasonably expect that Sasol will:
   a) provide and evaluate against concise requirements to become an approved Sasol supplier;
   b) provide induction, orientation and the like to all supplier employees;
   c) provide a safe work environment for the execution of activities;
   d) share all applicable hazards and risk mitigation measures;
   e) hold the supplier accountable for the safe execution of its activities and all non-conformances;
   f) summarily terminate its contract with the supplier where it is found that the supplier is irresponsible in its dealings with Sasol and/or in the execution of its activities;

3. All Service Providers will be assessed against the Sasol SHE requirements by the SC: Operational Support Accreditation team and certified as compliant before qualifying for consideration as a Sasol approved supplier.

4. This assessment will be based on the risk ranking of the service provider, as allocated by the Category Manager when the service provider applies for placement on the Sasol Vendor list, or upon scope changes.

5. The Service Provider is required to present a valid external audit report in support of their application and upon recertification and any ad-hoc assessments.

6. Service Providers will be certified once for each contract period and/or scope of work.

7. In no event shall a Service Provider commence work without a written contract or notice to proceed, and valid Certification assessment.

8. The contract must clearly state that the Service Provider retains the authority to hire, fire, discipline, supervise, control and direct the work of Service Provider employees, as well as to modify the terms and conditions of their employment.
9. Sasol retains the right to revoke site access for Service Provider employees who violate any health and safety standard and/or procedure.

10. Should a Service Provider fail the initial certification assessment, an application can be made by the relevant Service Owner, supported by the end-user through the BU: Supplier Manager.

11. This application for re-assessment of suppliers can only be approved by the Snr. Manager SC P2P: Operations Support.

12. Ad hoc certification assessment will be done upon:
   - Contract renewal
   - Scope changes
   - Three significant non-conformances
   - Fatal incident

13. During the ad hoc certification assessment, SC: Operational Support Accreditation team will focus on the business unit non-conformance matters and significant safety trends identified during the preceding contract period.

14. Where an existing Service Provider undergoes an ad hoc certification assessment and fails, the Vice President or Senior Vice President of the Sasol Business Unit shall approve the continued use of such Service Provider, indicating the management plans to be put in place during the contract execution until re-assessment.

15. The Service Provider may only be allowed on site if supervised full time by Sasol employees to ensure the risks are adequately mitigated for the duration of the service offering execution, where deemed non-compliant subsequent to a previous safety certification assessment.

16. No new work is to be allocated until compliance has been proven in a re-assessment, approved by the Snr Manager SC P2P: Operations Support.

**Cost Implications**

1) Cost related to additional labor as a direct result of changes to the scope of work must be negotiated and agreed upon between Principal Specialist SC and the Service Provider;

2) The cost of medical surveillance and personal protective equipment shall be borne by the supplier.

3) The cost of area and site specific induction and access permits shall be borne by Sasol directly or indirectly, as agreed.
Annexure 2 - Service Provider Certification and surveillance assessments

Audits and assessments

1) External certification audits
   a) It is mandatory that Service Providers ranked as high or medium risk, have a valid, externally audited safety management system, with at least 80% compliance to be able to render a service to Sasol.
   b) Low risk Service Providers will be required to provide proof of legal compliance audits.
   c) These assessment reports must be made available to Sasol representatives for review, when required, but always at first registration and recertification for contract renewal or scope extension.

2) Sasol certification assessment (safety and technical)
   a) These assessments are coordinated by SC: Operational Support.
   b) It is mandatory for all potential suppliers to undergo this assessment before placement on the Sasol Supplier List.
   c) An assessment report and certificate of compliance must be issued to all approved Service Providers within 30 days from the date of assessment, but within 7 days from approval at the SOF and/or SPAAF.
   d) Suppliers that do not conform to the relevant requirements of this assessment will still receive an assessment report and rejection letter.

3) Business unit surveillance safety assessments
   a) Each BU Senior Manager Occupational Safety will designate a responsible person in their business unit to coordinate the surveillance assessments in accordance with the risk categorization of the Service Provider.
   b) Surveillance assessments shall be conducted by service owners, in conjunction with BU SHE representative.
   c) This assessment will be based on the service offering SHE plan to ensure Sasol standards are being met on an ongoing basis during contract execution.
   d) The Service Owner, in conjunction with BU SHE representatives will schedule the assessments.
   e) Audit reports will be provided to the Service Provider within 7 days of the assessment.
   f) It is the responsibility of the Service Owner to monitor implementation of corrective action plans.
Risk ranking and SHE system requirements based on inherent risk

1) **Requirements for Low Risk Service Providers:**
   a) As a minimum legal compliance must be acknowledged; and
   b) Acknowledgement of SHE risk management expectations.

2) **Requirements for Medium Risk Service Providers:**
   a) Quantified safety system audit >80%;
   b) Assessment done by a reputable and accredited institution / body.

3) **Requirements for High Risk Service Providers:**
   a) Quantified safety system audit >80% and certification against the relevant (risk based) management system;
   b) Assessment done by a reputable and accredited institution / body.
   c) In the absence of an accredited certification body, the regional entity will provide an alternative assurance process against the relevant sector standards.

Diagram 1 – Risk ranking and SHE system requirements

Where the Service Provider provides a suite of services, the risk ranking will be based on the scope of work with the highest risk.
The SC: Category Manager will use the matrix provided, e.g. in the ARIBA procurement software, to determine the risk ranking of Service Providers.

Assessment criteria:

1) Green
   a) Green graded Service Providers are considered to possess the commitment, organisational ability and competencies to manage their safety (and integrated SH&E) performance effectively and efficiently.
   b) A Green graded Service Provider has:
      • an RCR less than the Sasol RCR target
      • auditable proof of close-out on recordable incident findings
      • a score of at least 85% on the Service Provider Safety Certification Assessment
   c) A new supplier with a Green grading may be placed on the Sasol Supplier list
   d) An existing Service Provider with a Green grading may be awarded a contract renewal

2) Yellow
   a) The Service Provider will be awarded a yellow grade if a score of between 70% and <85% is achieved in the Certification assessment.
   b) A new supplier with a yellow grading may be placed on the Sasol Supplier list.
   c) An existing Service Provider with a yellow grading may be awarded a contract renewal.

3) Orange
   a) The Service Provider will be awarded an orange grade if a score of between 50% but <70% is achieved in the Certification assessment.
   b) Where Service Providers are given an orange grading, the service provider shall submit a recovery plan within 14 days to the relevant Category Manager, indicating the time frame necessary to implement actions to comply
   c) The Category Manager may use the assistance of the service owner and/or BU SHE specialist to evaluate the recovery plan
   d) Only the Category Manager will request a re-assessment from SC: Operations Support, if the recovery plan is deemed sufficient
   e) For existing Service Providers, if no improvement is seen in the requested re-assessment, then a performance discussion needs to be held which shall be done by the responsible Principal Specialist SC.

4) Red
   a) The Service Provider will be awarded a red grade if a score of less than 50% is obtained.
b) New suppliers will receive a rejection letter upon being awarded of a red grading.

c) Where Service Providers are given an orange grading, the service provider shall submit a recovery plan within 14 days to the relevant Category Manager, indicating the time frame necessary to implement actions to comply.

d) The Category Manager may use the assistance of the service owner and/or BU SHE specialist to evaluate the recovery plan.

e) Only the Category Manager will request a re-assessment from SC: Operations Support, if the recovery plan is deemed sufficient.

f) If the re-assessment still does not show an acceptable compliance improvement the Service Provider shall be suspended until appropriate measures have been introduced.

g) The Principal Specialist SC will execute the suspension, after consultation with all business units role players and after agreement on the way forward is confirmed.

h) A red Service Provider shall not be considered for further work or service during this period.