

Title: Work Rules for Contractors		No. RE-HHR024 Version: 02	
Responsible: Dr. Szabolcs Karaszek HR Director		Valid since: 25.05.2020	
Release:	Department: HR	Name: Dr. Szabolcs Karaszek	Signature:

1. Purpose

This procedure regulates the rules for the reception and work of Contractors and contractual partners who perform work in the premises of BorgWarner Oroszlány Kft. and BorgWarner Hungary Kft. (Turbo, PDS businesses) with the view to ensure that the Contractors become aware of and observe the EHS requirements for the performance of work, fire safety and environmental protection and that the health of the people who work in the premises is as safe as possible in accordance with the requirements of BorgWarner.

Scope of application

Territorial scope

The procedure applies to the premises of BorgWarner Oroszlány Kft. and BorgWarner Hungary Kft. (hereinafter referred to as BorgWarner) in 2840 Oroszlány, Tácsics Mihály út 111. and 2840 Oroszlány BorgWarner utca 1., respectively.

Personal scope

The Contractor, i.e. the enterprises performing manual work based on a contract or ad hoc order in the company's territory and their employees and foremen present in the premises, as well as their employees in charge of repair, adjustment, maintenance, programming and calibration of the production and other machines.

The Customer, i.e. the BorgWarner employee who requests the work and BorgWarner's contact person.

The procedure does not apply to the Contractors who are operating continuously at BorgWarner site.

3. Selection of the Contractor

Prior to selection of the contractor, the following tasks need to be performed:

- specification of the contractor's work
- identification of the respective hazards
- specification of the necessary safety and technical competences.

Prior to concluding the contract/ordering the service, it should be ascertained whether the contractor's competence is suitable for the planned work, in particular regarding:

- the documents certifying qualification

- the existence of certificates
- liability insurance
- references
- the safety and environmental indicators, the number of fines.

4. Liability

The Customer shall:

- Ensure that the Contractor in charge of the work becomes aware of this procedure;
- Complete the “Work Permit for Contractors” form (hereinafter referred to as Work Permit), at least 2 working days prior to commencement of work, jointly with the Contractor and obtain the respective opinion of the EHS Department competent in the territory. After the opinion is obtained, he shall send the signed permit to the reception desk for contractors. The Work Permit applies to the respective work (project) and is valid for maximum 2 months;
- Inspect the Contractor’s performance of work. If he finds any occupational health and safety (OHS), fire safety and/or environmental infringement, he shall act under clause 4 of this procedure;
- Should the Contractor infringe any OHS, fire safety and/or environmental requirement, the Customer may also be held liable.

The Contractor shall:

- Complete the “Work Permit for Contractors’ form, prior to commencement of work, and comply with, and have also his employees comply with, the requirements set out therein;
- Present any documentation in advance, before performance of work, for review if it is requested by the EHS Department;
- Have employees at the site who are in possession of all the required licences and certificates of qualification or education, which shall be presented immediately upon request;
- Employ only such employees for work in the work area who have valid medical fitness certificates relevant to their job;
- Consent to taking photos or video recordings of his work in accordance with the BorgWarner’s privacy policy;
- Ensure that no damaged work equipment is brought in BorgWarner’s premises and that the equipment are always in a safe condition during performance of work;
- Attend the EHS training projected at the Reception Desk as recorded in the training log. The content of training is mandatory for the Contractor. Training should be repeated after lapse of 1 year;
- Consents to his being exposed by the Security Service to breathalyzer testing. If testing is refused, work cannot be commenced on that day and the next day will begin with a breathalyzer test;
- Keep the Work Permit completed on hand during performance of work and leave it at the Reception Desk upon exit along with the visitor card;
- Wear the visibility vest received at the Reception Desk and the personal protective equipment required in the premises and for his/her activity and leave it at the Reception Desk upon exit;

- Wear the visitor card received at the Reception Desk at a well visible place and use it at each terminal;
- Be held liable for the health and safety of his own employees and the individuals being present in the proximity of the area where the work is performed and for preserving the condition of BorgWarner's environment;
- Perform his work in BorgWarner's premises in full compliance with the OHS, environmental and fire safety rules prescribed in the training received at the Reception Desk, in the Work Permit, the legislation in force and these Rules;
- During performance of work, the contractor's work may be inspected at any time. In such a case he shall present the valid Work Permit in which to record the infringements, if any;
- Acknowledge that should he commit any environmental, OHS or fire safety infringement, the procedure described in clause 4 shall be applied against him.
If the number of penalty points defined in clause 5 is reached, the Customer, the employees of the EHS Department and the Security Service may ban the infringing employee or the whole Company;
- Report any accident, environmental pollution, discharge of hazardous substances and damage to the Customer;
- Consents to his being exposed by the Security Service to property protection control;
- Return the distributed EHS annex duly signed for Contractors falling under TIER I and II categories.

The employees of the EHS Department shall:

- Issue an opinion on the Work Permit completed by the Contractor and prescribe further environmental, OHS and fire safety requirements. If necessary, they request further documentation from the Contractor;
- Keep records on the Contractors approved, which shall be reviewed in the end of each year;
- Be entitled to refuse signing of the Work Permit if the Contractor has reached the penalty points defined in clause 5;
- Be entitled to inspect the Contractor's work if they find any OHS, fire safety and/or environmental infringement and act under clause 5 of this procedure;
- Be entitled to use breathalyzer testing;
- Enter the irregularities recorded in the Work Permit in the list of Approved Contractors;
- Initiate measures against infringing Contractors.

The security service shall:

- Admit in the premises of BorgWarner Kft. only Contractors:
 - who have and present upon entry the "Work Permit for Contractors" form completed fully and signed by all parties (Contractor, EHS, Customer);
 - who comply with the requirements prescribed in BorgWarner's dressing code;
 - who are in a condition fit for work;
 - who have attended EHS training in local requirements;
- Inform the Contractor that he shall keep the completed Work Permit always on hand during work;

- Carry out breathalyzer testing at the Customer's or the EHS Department's request and occasionally where any suspicion arises;
- Project the EHS training material to the Contractors;
- Have the training log signed by the Contractor's employees after training;
- Have to ask for and file the Work Permit upon the Contractor's exit and to ask for the personal protective equipment delivered upon entry;
- Inform the Customer and the EHS Department if it finds any irregularity in connection with entry;
- Suspend work in the case of the Contractor's gross or recurrent infringement (clause 5);
- Expose the Contractor to property protection control upon exit.

The Purchase Department shall:

- Introduce the content of the Rules to TIER II-III Contractors;
- Ensure that the Supplier becomes aware of the content of the Rules when a new Supplier is admitted;
- Ask the Contractors to submit OHS-related data and documentation in advance, based on which it may rate Contractors.

Responsibility matrix:

Activity/Responsible persons	Customer	EHS Department's employees	Contractor	Purchase Department	Security Service
Making the contractor familiar with the internal rules prior to performance of work	R	I	I	R	P
Keeping records of the approved contractors	I	R	P	R	-
Obtaining the necessary information	R	P	P	P	-
Providing internal notification and information on the contractor's work	R	I	P	-	P
Preparing the work permit	R	P	P	-	-
Training the contractors and recording training	-	-	P	-	R
Transferring and accepting the work area	R	-	R	-	-
Observing and enforcing the requirements during work	P	P	R	-	-
Inspecting the contractor's work	R	P	P	-	P
Accepting the work performed and certifying performance	R	-	P	-	-

R: Responsible I: Informed P: Participant

5. Inspection of the Contractor's work

- The following parties and persons may inspect the Contractor's work (hereinafter: Controllers):
 - the Customer
 - the EHS Department's employees
 - the Security Service
 - the Area Manager and Shift Manager competent in the site of work.

- During inspection the Controller shall ask the Contractor to submit the Work Permit and record the irregularity in it;
- After completion of work, the customer, the EHS engineer or the production manager may also inspect whether the work/service has been performed in full and whether the Contractor has transferred his work environment cleanly;
- The Controller may stop work when any irregularity recurs or a serious direct hazard occurs;
- The infringements are recorded in a system of points that lapse after two years. Each irregularity is punished by penalty points.
 - If 5 individual penalty points are collected, the infringing employee has to attend the EHS training again;
 - If 10 individual penalty points are collected, the infringing employee will be banned from the site of BorgWarner;
 - If total 20 penalty points are collected, the employees of the EHS Department will inform the Customer of the Contractor's infringements;
 - If total 25 penalty points are collected, the Customer and the employees of the EHS Department will initiate discussion with the Contractor;
 - If 30 individual penalty points are collected, the Contractor's company will immediately be banned from the premises of BorgWarner.

The point system:

1.	Infringement of the rules for smoking	1 point
2.	Work performed without a permit (Work Permit, Hot Work Permit, Confined Space Entry Permit)	2 points
3.	Failure of unlocking, signage, fencing (or failure to coordinate work with maintenance)	2 points
4.	Failure to use the prescribed personal protective equipment (except fall protection equipment)	1 point
5.	Disabling of the safeguards of machines	2 points
6.	Absence of the appropriate authorization (welder's examination, hoisting equipment operator's licence, valid medical fitness certificate, fire safety examination)	2 points
7.	Infringement of the rules for hoisting loads (e.g. lack of delimitation, standing under load, leaving the ignition key in the machine, failure to complete the hoist log, etc.)	2 points
8.	Use of damaged work equipment involving the risk of accidents	2 points
9.	Infringement of the fire safety requirements (e.g. blocking of fire extinguishing equipment, blocking of escape routes and emergency exits, improper handling or fixing of gas bottles, failure to use canopy, non-removal of combustible materials; failure to appear at the designated assembly point in the case of fire alarm)	1 point
10.	Infringement of the rules for use and storage of hazardous materials (e.g. unavailability of the safety data sheet, unidentified materials, missing inscriptions and pictograms)	1 point
11.	Infringement of the rules for work at height (inappropriate railing against fall, inappropriate scaffolding, unsafe use of scaffolding, damaged ladder, improper use of ladder, failure to wear anti-fall equipment)	3 points

12.	Improper use of work equipment (e.g. standing on a stool, scooting by the pallet hoister)	2 points
13.	Failure to report accidents, damages, environmental pollution	3 points
14.	Presence in the premises in a condition unfit for work	3 points
15.	Breach of order, causing of a damage, infringement of the rules of conduct (e.g. taking photos/videos without a permit, failure to use terminals)	3 points

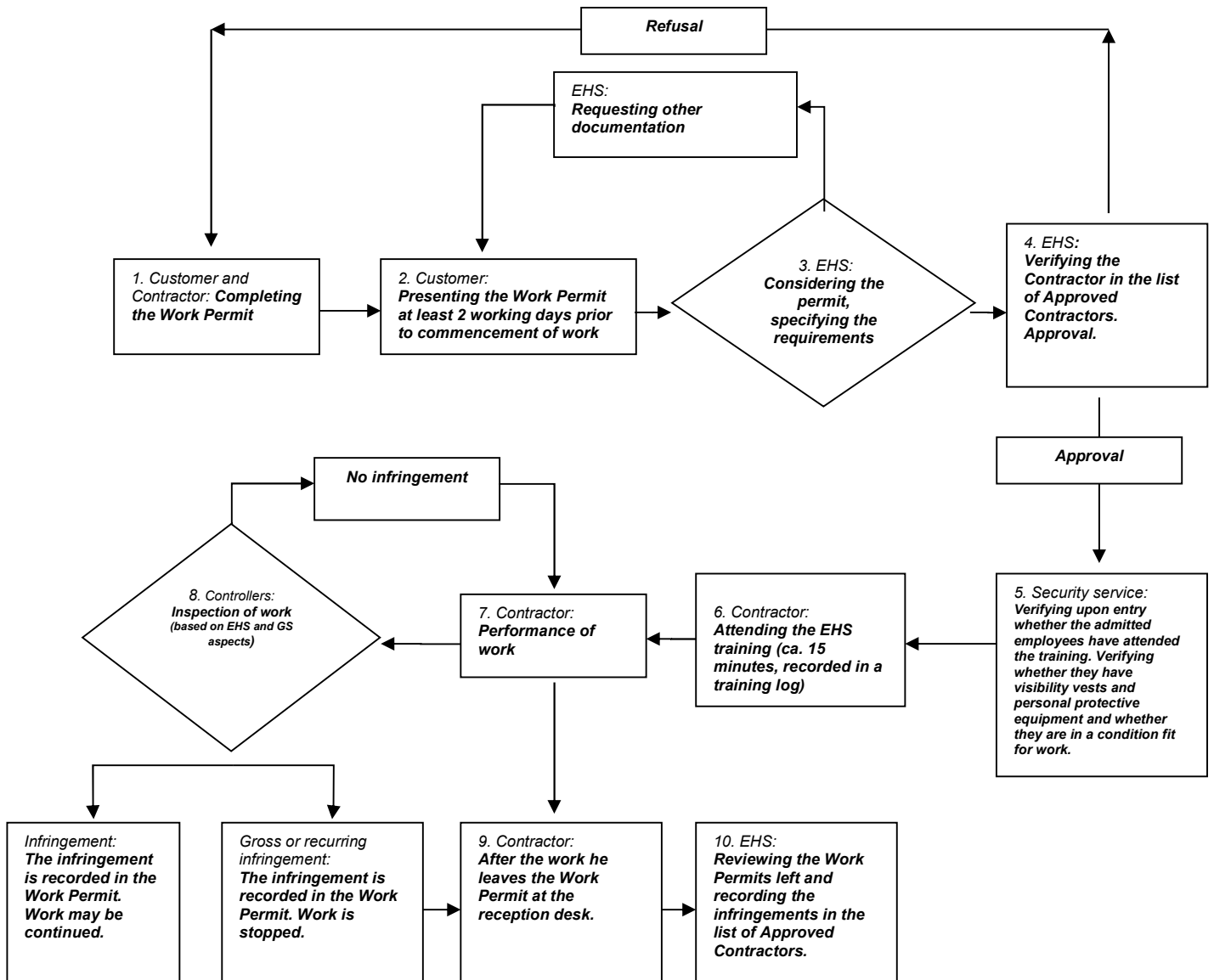
Completion of the Contractor's work

- The Customer or the person he appoints shall inspect whether the work completed has been performed appropriately.
- After completion of the work the Contractor shall be responsible for transferring the work area tidy and clean.
- A work/service ordered shall be considered performed when the Contractor has submitted the required documents (e.g. performance certificate) and the Customer has approved it by signing.
- Upon exit the Contractor shall leave the access card, the visibility vest and the Work Permit with the security service at the reception desk.

Authorization of unpredictable works and emergency events

- In the case of unpredictable works (e.g. production machine breakdown, failure of building service engineering systems, etc.), the Work Permit shall be completed by the Contractor and the EHS approval section shall be signed by the Shift Manager of the Security Service. The Contractor shall attend the EHS training projected at the reception desk and his work shall be subject to the provisions of clause 4 also in such a case.
- In the case of emergency no Work Permit shall be completed.

Process Description



9. Annexes

10. Changes

Chapter concerned	Description of the change	Change index	Name	Date
3. Liability	Liability of the EHS Department (extension of the permit)	1.	Regősi	31.10.2019

	Removal of GS team from inspections			
4. Liability	Update	2	Regősi	25.05.2020

11. Related documents / (procedures, rules, work instructions)

Description (AA, Drawing...)	Ser. No.	Title	Location (Intranet,

12. Related forms

No.	Title	Period of retention	Place of retention
HHR-Nr.0091	Work Permit		
HHR-Nr.0094	Permit for work in confined space		
HHR-Nr.0021	Occasional Hot Work Permit		