

Management Procedures for Safety Culture in Engineering Construction

I. Purpose

Yuzhou Group Holdings Company Limited (“Yuzhou Group”, together with its subsidiaries, collectively the “Group” or “we”) has proactively performed its social responsibilities as a corporate citizen with always adhering to the long-standing corporate spirit of “Building Ideal Homes with Painstaking Efforts” and the business philosophy of “Building Cities with Heart, Building Homes with Love”. We strive to standardize the safe construction planning, management and supervision processes for projects under construction, enhance the level of daily management and control of safe construction, and eliminate hidden safety hazards, in order to guarantee the realization of the objectives of the safe construction.

II. Scope of Application

It is applicable to all the projects under construction developed by the Group.

III. Responsibilities of Departments

No.	Tier	Responsibilities
1	Operation Management Center of Yuzhou Group	Formulating the safety culture management standards and rules and necessary amending.
2		Supervising, inspecting, evaluating and assessing the safety culture management of the subsidiaries in various regions and cities and the projects.
3		Managing and supervising the safety culture management of the subsidiaries in various cities and projects in the relevant region; establishing and improving the safety culture management system in relevant the region; improving the safety culture implementation and management standards and restrictive measures in the engineering process.
4	Regional Operation Management Department	Formulating implementation rules for regional safety management according to the industrial, local and national requirements as well as the rules and regulations promulgated by the headquarters of Yuzhou Group.
5		Monitoring, inspecting, evaluating and assessing the safety culture management of the projects under construction of the subsidiaries in various cities in the region.
6		Supervising the project departments in the region to procure the main contractors to sign the <i>Safety Management Agreement</i> and <i>Public Security and Fire Control Agreement</i> timely.
7		Handling and reporting the relatively major safety accidents in the region.
8	Subsidiaries in Cities	The terms of reference of the operation management departments of subsidiaries in various cities shall be determined by regional companies.

9	Project Department	Implementing the standards and restrictive measures on the safety culture management in the engineering process.
10		Supervising the signing of the <i>Safety Management Agreement</i> and <i>Public Security and Fire Control Agreement</i> by contractors.
11		Establishing and improving the safety culture management system of the supervising units and contractors.
12		Conducting safety culture management on the project site.

IV. Working Procedure

(I) Signing of *Safety Management Agreement* and *Public Security and Fire Control Agreement*

1. All the contractors shall sign the *Safety Management Agreement* and *Public Security and Fire Control Agreement* before entering the construction site.
2. The project department shall supervise the signing of the *Safety Management Agreement* and *Public Security and Fire Control Agreement* by contractors.

(II) Regulations on costs for the safe construction measures

1. The operation management departments of regional/subsidiaries in various cities and the project department shall ensure the payment terms of costs for the safe construction measures complies with relevant national regulations while the reviewing of the general contracting and subcontracting contracts.
2. The payment proportion and terms of costs for project safety protection and construction safety measures shall conform to the regulations of the corresponding competent authority for construction.

(III) Fire drill

1. The person in charge of the project engineering shall organize an on-site fire drill at least once half a year among all the staff of the project department of Party A, supervisors and all the main contractors on the project site.
2. The operation management department of regional companies /subsidiaries in various cities shall conduct effective supervision on the fire drill of various projects.
3. The project department shall post the video information on the display board of the construction safety month on site and keep them for future reference, and report to the operation management department of regional companies / subsidiaries in various cities and the Operation Management Center of the headquarters of Yuzhou Group;

(IV) Safety culture management inspection system

1. Operation Management Center at the headquarters of Yuzhou Group:

Operation Management Center at the headquarters of Yuzhou Group entrusts third parties with the flight inspection on the safety of various projects, and conducts assessment according to inspection

results on a quarterly basis; the random inspection on the safety culture management is conducted among projects under construction of regional companies/subsidiaries in various cities on a monthly basis.

2. Operation Management Department of regional companies/subsidiaries in various cities:

The operation management departments of regional companies/subsidiaries in various cities shall organize a general safety culture inspection (covering all the construction projects in the region), and conduct corresponding treatment according to inspection results once a month; the safety culture inspection results of projects under construction shall be kept for future reference on a monthly basis.

3. Project Department:

The project department shall organize supervisors, main contractors regularly to conduct on-site inspection on safe construction, covering the construction area, living area, office area and demonstration area, and to inspect on-site safety and track the correction of hazard sources.

4. Inspection cycle:

(1) Inspection by regional companies and subsidiaries in various cities: To be organized by the engineering management departments of regional companies and subsidiaries in various cities once a month to conduct a thorough inspection on the safety of projects under construction, find out existing problems, and promptly supervise the correction.

(2) Inspection by the project department: The project department shall organize the safety culture management team to inspect the safe construction of projects on a weekly basis to find existing problems and verify the correction of hidden hazards.

(3) Inspection by construction units: The full-time safety supervisor of each unit shall conduct daily inspection to find out and rectify existing problems, and formulate measures and proposals for enhancement.

5. Inspection requirements:

Records of problems found out during inspection at various levels shall be registered and issued in writing, and rectified within the stipulated period. The inspection team at various levels shall verify the correction within the stipulated period, and if the rectification is not completed or fails to reach relevant requirements, the project may be shut down for rectification in part or in whole.

(V) Safety culture management conference system

1. The Operation Management Center at the headquarters of Yuzhou Group shall convene reporting meeting regarding to the engineering safety monthly and to circulate the safety culture management of the projects under construction;

2. The operation management departments of regional companies/subsidiaries in various cities shall convene a special meeting regarding to the safety culture management every two weeks;

3. The project department shall organize all the head and subordinate units for safety disclosure meeting regularly, which shall be attended by corresponding supervisors and the project department staff of Party A.

(VI) Reporting of relatively major safety accidents

1. Upon receipt of report on relatively major safety accident, the person in charge of the project shall immediately head to the site and report to the corresponding responsible person of regions/city company and the local competent authority.
2. Upon receipt of the report, the person in charge of the region/city company shall immediately head to the site to carry out the emergency response and subsequent work, and report to the responsible person of Yuzhou Group and the Brand Management Department of Yuzhou Group.
3. Upon receipt of the report, the responsible person at the headquarters of Yuzhou Group shall immediately head to the site and report to the relevant senior management of Yuzhou Group.

V. Safety Culture Management

- (I) Prior to the implementation of each project, the project department shall formulate *Special Planning on Safety Culture Management* by referring to the features of the project and make it the safety culture management manual for construction units after approval, so as to enhance the overall project safety by virtue of reasonable planning and arrangement.
- (II) Establish and implement a safety culture-based production and management structure
- (III) Establish and implement a review system for the designs for carrying out safety production and construction, and for special construction plans
 1. Regarding to items and components of the project with higher risks, the project department shall formulate a safety special plan, which shall be reviewed by the construction unit internally and approved by the supervisory department prior to implementation.
 2. As for sub-projects exceeding a certain scale with more dangers, the special construction plan shall be discussed by experts organized by the construction unit. The expert team shall submit the relevant report upon completion of discussion, raise explicit opinions on the discussed contents, and affix their signatures on the report. The construction unit shall amend and improve the special plan according to the aforesaid report.
- (IV) Establish and implement a safety technology handover policy
- (V) Establish and implement a safety Education policy
- (VI) Establish and implement a group/team safety activity policy
- (VII) Establish and implement a policy for the possession of certificates for special jobs

VI. Summary and Post-evaluation of Safety Culture Management

- (I) Upon the completion and acceptance of the project, the post-evaluation of the safety culture management during the overall progress of the project shall be conducted
 1. Time of completion of post-evaluation: To be simultaneously completed with the project post-evaluation;

2. Mode of review: The review shall be organized by subsidiaries in various cities;
3. Contents involved: Overview of the project safety culture management, project safety inspection result, analysis of safety culture management in various phases, analysis of gains and losses in the project safety culture management and improvements required, and highlights of the project safety culture management;
4. Implementation: During the whole construction process from the commencement to the completion and acceptance, the project department shall collect the video information of sub-projects, and submit the safety culture management summary and post-evaluation upon completion and acceptance of the project.

Review

Yuzhou Group will regularly review this policy and update relevant contents when necessary.

Approved on November 27, 2020

Page 5 of 5