**“APPROVED”**

**Chief Operating Officer**

**of JSC “AK Altynalmas”**

**\_\_\_\_\_\_\_\_\_\_\_\_B.B. Dzhalolov**

**“\_\_\_” \_\_\_\_\_\_ 2017**

**Regulation** **on Health, Safety and Environment**

**for Contractors of JSC “AK Altynalmas”**

**1. General provisions**

1.1 This Regulation on Health, Safety and Environment (hereinafter - the “Regulation”) is an integral part and obligatory annex to contracts with Contractors (hereinafter - Contractor) directly performing the works (services) on licensed contract territories of JSC “AK Altynalmas” (hereinafter - the “Customer” or the “Company”).

1.2 From the moment of approval of this Regulation, the Regulation on Health, Safety and Environment for contractors of JSC “AK Altynalmas”, approved by the Chief Operating Officer of JSC “AK Altynalmas” B. B. Dzhalolov dated 03.11.2014 shall be deemed to have lost force.

1.3 The Contractor is a legal entity or an individual which/who has entered into a paid services contract on the licensed contract areas of the Customer with the involvement of own personnel, equipment and/or materials.

1.4. The Contractor’s health, safety and environment (hereinafter - HSE) management directly affects the time and quality of works (services) assigned by the Customer under the paid services contract, and extends to achievement of performance indicators and reputation of the Customer.

Inconsistent performance of the above-mentioned works by the Contractor may cause direct or indirect material damage to the Customer.

1.5. This Regulation is designed to streamline the management by Contractor of HSE issues, ensure safe conduct of contractor’s works (services), prevent industrial and environmental incidents, pollution, accidents and occupational diseases related to the work.

1.6. The Customer clearly identifies the commercial and community benefits associated with a safe working environment, as well as well-trained and disciplined employees.

1.7. The Customer has “Environmental Guideline”, which upon written request may be provided to the Contractor.

1.8. The Contractor shall conduct its production operations (works) in compliance with the HSE principles of the Customer in a way that they did not cause a threat to the health and/or life of the Company's employees, individuals (third parties), property or environment in areas directly or indirectly affected by the work.

Damage (property and / or non-property) caused by the actions (inactions) of the Contractor's employees, property or non-property benefits and rights of citizens and legal persons shall be compensated at the expense of own funds of the Contractor.

The contractor shall be exempt from compensation for damage if it proves that the damage is caused not through its fault, except as provided by the civil legislation of the RoK.

The main principles of the Customer's activities in the field of HSE are:

- improving safety culture at the production facilities of the Company;

- recognition and ensuring the priority of life and health of workers in relation to the results of production activities;

- definition of the functional responsibilities of responsible persons in the field of Health, Safety and Environment;

- coordinate the activities of all departments and sections of the Company's branches in the area of Health, Safety and Environment;

- ensuring compliance by the employees with the requirements of legislation on HSE, safety rules foreseen by internal documents of the Company;

- development of regulatory and technical documents that contribute to achieving a high level of production safety, preventing accidents and occupational diseases associated with work;

- ensuring safety of production equipment and processes;

- establishing a unified procedure of staff training with safe work methods and practices;

- providing the employees with personal protection equipment and collective protective equipment required preventives remedies;

- implementation of manufacturing control on the state of HSE conditions, safe operation;

- analysis of the state of industrial safety and working conditions and taking appropriate decisions;

- ensuring timely and proper investigation, accounting of accidents related to labor activity and elimination of their causes;

- interaction and cooperation with the author state supervision and monitoring (hereinafter - the “monitoring bodies”)

1.9. The Customer requires from all Contractors and their Subcontractors (if available) to familiarize themselves, understand and agree to the terms of this Regulation by signing it. The Contractor, with the possible involvement of the Subcontractor, is obligated to familiarize it with this Regulation, while the responsibility for compliance by the Subcontractor with the requirements of the Regulation lies entirely with the Company’s Contractor.

1.10. Signing by the Contractor of this Regulation means full understanding of the requirements set forth in this Regulation and its full compliance with the actions of the Customer arising from the paragraphs of this Regulation.

1.11. If the Customer introduces new internal regulatory documents aimed at ensuring the production safety, the Contractor shall also comply with the requirements set forth in these documents.

The Customer undertakes to timely send to the Contractor the internal regulatory documents developed by the Customer for their application. This requirement is fulfilled by the responsible employees of the Company, who are the initiators of development of such documents.

These documents shall be entered into force by the Contractor after the expiration of seven calendar days from the moment the Contractor receives these documents, unless otherwise agreed in the contract or in writing agreement between the Contractor and the Customer.

The internal regulatory documents of the Customer are any documents signed by the Company's management and aimed at ensuring the production safety by strengthening production and labor discipline at the Customer’s production facilities.

1.12. The following basic notions are used in this Regulation:

* **Hidden threat** - a combination of hazardous production factors resulting from improper operation or misuse (improper use) of buildings, equipment, tools, appliances that may cause or have caused human casualties, damage to human health or the environment, significant material damage and violation of living conditions of people
* **Non-timely elimination of hidden threat** is the untimely elimination of hazardous production factors identified during the inspection and which posed a potential threat to both life and health of employees of the Contractor and the Customer, as well as third parties, to which the Customer is liable.
* **Critical facilities** are warehouses for storage of explosives, highly toxic substances and precursors.
* **Non-fulfillment or incomplete fulfillment of the Customer’s instructions** - non-fulfillment or partial implementation of the revealed violations reflected in the Customer’s instructions, the form of which is specified in Annex No. 2 of this Regulation.

**2. Qualification requirements for HSE to Contractors.**

The Company's Contractors must meet the following qualification requirements for HSE:

2.1. To have all the required types of licenses, permits and other legal documents in accordance with current legislation of the RoK, required for the performance of work under the services contract.

2.2. To have qualified personnel involved in the performance of contractor’s works (services), which must have the relevant experience, qualifications and access to the performance of works (services) as provided for by the terms of the paid services contract.

2.3. In order to implement internal production control over compliance with health and safety requirements in contractor entities performing production activities on the territory of the Customer, with more than fifty employees, the Contractor creates a health and safety service that reports directly to the head of the contractor or to the person authorized by him.

The Regulation of the health and safety service of Contractor shall be developed based on a model regulation on the health and safety, developed by the authorized state labor body.

The Contractor with a number of employees up to fifty people introduces a position of health and safety specialist, taking into account the specifics of the activity or responsibilities for health and safety imposes on another specialist.

Contractor’s Health and Safety Service or specialist responsible for the health and safety are required to:

1) monthly analyze the state and causes of industrial injuries and occupational diseases in the organization and develop measures for their prevention;

2) organize training, testing of health and safety knowledge of the Contractor’s employees;

3) ensure compliance with the procedure for investigation of accidents, related to the work of the Contractor.

2.4 The Contractor guarantees implementation of its production activities in accordance with the environmental and ecological legislation of the RoK, as well as with Customer’s design documents, including but not limited to the draft Environmental Impact Assessment (EIA), “Environmental Protection” (EP) section. The Contractor shall not exceed the Customer’s statutory ratios for environmental pollution. The Customer shall timely provide the Contractor with data on the specified projects.

2.5 The equipment provided by the Contractors for provision of services on the Company’s territory shall be reliable and safe, have appropriate permit to operation (use) in accordance with current legislation of the RoK.

In accordance with the RoK legislation in the field of safety of machinery and equipment, the Contractor is obliged to provide machinery and equipment with operation manual and other information in state and Russian languages, which is necessary for the user to assess possible risks and take appropriate safety measures.

2.6. For two years (continuously) the mortality ratio shall not exceed 2 people per 1000 working people, or the ratio of severe injuries shall not exceed 5 people per 1000 working people.

2.7. Contractors to participate in the tender for provision of services for the Customer shall comply with the above requirements.

**3. Obligations of the Contractor in the field of HSE:**

3.1. To fully understand the work that it must perform and the services it must provide, have relevant experience and qualifications for this, in compliance with all contractual requirements for HSE.

3.2. To comply with and strictly meet the requirements of laws and regulations of the Republic of Kazakhstan in the field of HSE since the work commencement in accordance with the services contract and during the entire period of its validity. In addition, in the absence of any legislative and statutory instruments of the Republic of Kazakhstan, the Contractor is obliged to follow the principles of the Customer and generally accepted international industrial guidelines and rules for conducting work, specified by the Customer.

3.3. To take comprehensive precautions necessary to protect the life and health of own employees and employees of the Customer, Subcontractors (if any), as well as any other persons who may be affected by the Contractor’s production operations.

3.4. The Contractor must ensure that the operation and maintenance of equipment and safety equipment necessary to perform work on the territory of the Company will be carried out in accordance with the requirements of legislative and statutory instruments of the Republic of Kazakhstan in the field of HSE; Customer’s detailed design documentation, recommendations of manufacturer, principles of the Customer in the field of HSE.

3.5. The Contractor undertakes, independently and at its own expense, to obtain all necessary permits from the authorized body of the Republic of Kazakhstan in the field of industrial safety for use of technologies, technical devices, materials, as well as for use of new explosives, including foreign ones.

All responsibility for the consequences of use of technologies, technical devices, materials, as well as new explosives that have not passed the procedure for obtaining permission to use in the territory of the Republic of Kazakhstan is borne entirely by the Contractor.

3.6. To take all necessary precautions for the environmental protection in order to protect the atmosphere, water, soil, subsoil, flora and fauna from negative impact of the Contractor’s activities and to minimize any inconvenience arising from such operations, in accordance with applicable HSE laws, standards and principles of the Customer.

3.7. To conclude a medical services contract with medical provider that has a relevant license (permit) for engaging in medical activities in accordance with the legislation of the Republic of Kazakhstan to provide emergency medical care to Contractor’s employees, as well as a pre-shift medical examination for Contractor’s personnel, for which the legislation provides for mandatory requirements for passing pre-shift and/or pre-trip medical examinations before and after whether the completion of the shift.

If the Customer at this facility has entered into the medical services contract, the Contractor is obliged to enter into the medical services contract with the medical provider that renders medical services to the Customer.

This requirement regarding the Contractor does not constitute a basis for a medical provider that renders medical services to the Company, to demand from the Contractor any conditions not expressly provided by law, and the terms of payment for services between these parties are negotiated independently, without the intervention of the Customer.

3.8. The Contractor undertakes to carry out production control in the field of industrial safety in accordance with the legislation of the Republic of Kazakhstan.

Production control in the field of industrial safety is carried out by responsible persons of the Contractor’s production control function in order to minimize the risk of harmful effects of hazardous production factors on workers, the population entering the estimated area of emergency, the environment.

The tasks of production control in the field of industrial safety are to ensure compliance with industrial safety requirements at hazardous production facilities, as well as to identify the circumstances and causes of violations affecting the state of occupational safety. Production control in the field of industrial safety is carried out on the basis of regulatory document on production control in the field of industrial safety, approved by order of the CEO of the contractor. The regulatory document should contain the rights and obligations of all officials of the contractor exercising production control in the field of industrial safety.

Due to the fact that the implementation of production control on health and safety is regulated by various legislative and regulatory documents of the Republic of Kazakhstan, in order to standardize and improve the process of production control on these issues, it is allowed to carry out production control in the field of industrial safety together with production control on the health and safety on the basis of one regulatory document of the Contractor complying with the requirements of legislation for HSE management, in this case the procedure for joint control shall be prescribed in the Contractor’s document on HSE management. Document on HSE management shall be approved by the Chief Executive Officer of the Contractor.

3.9. The Contractor undertakes to strictly comply with all requirements set forth in the internal documents of the Customer, including the rules of internal labor regulations, the rules of residence in dormitories of the Customer, etc., which are aimed at ensuring labor and production discipline, as well as HSE, in the process of production activities of the Contractor at the Customer’s hazardous production facilities.

3.10. In order to ensure production safety at the Customer’s facilities, the Contractor is not allowed to hold any events involving the Contractor’s personnel (meetings, congresses, employee conferences, etc.) without a written permission of the head of relevant branch of the Customer on holding such events.

If such events are held on the territory of the Customer, the Contractor shall send a written request to the Customer for obtaining a relevant permit no later than seven calendar days before the expected date of planned event, indicating the agenda of event, number of participants, start and end time of the event, a person responsible for holding event.

**4. General HSE requirements for contractors**

Contractors that have signed the services contract with the Customer are obliged to comply with the following HSE requirements:

4.1 Strictly comply with the requirements of the legislative and statutory instruments of the Republic of Kazakhstan in the field of:

- safety and labor protection

- industrial safety

- health protection

- industrial hygiene

- security activity for guarding and maintenance of strategic and guarded facilities

- environmental protection

- sanitary and epidemiological welfare of population.

4.2. In order to prevent accidents and occupational diseases related to labor activities, industrial accidents, road accidents, environmental pollution, ensure the safety of facilities the Contractor is obliged to draw up an action plan on HSE issues.

Documents developed by the Contractor should include at least the following:

- actions for training Contractor’s employees to the framework legislation of the Republic of Kazakhstan in the field of HSE,

- organizational and technical measures in the field of HSE,

- measures to prevent occupational injuries and diseases in the Contractor’s company.

4.3. To improve the HSE management system, including the management structure, staff, operating instructions, rules, control, internal risk assessments, etc.

To ensure the coordinated work of HSE management system and compliance with the safety rules by Contractor’s employees performing work on the Company’s territory on behalf of the Contractor.

4.4. To ensure healthy and safe working conditions for the Contractor’s and Customer’s personnel, to use safe and reliable facilities, equipment, tools and technologies. To provide own employees with appropriate certified clothing, footwear and personal protective equipment.

4.5. To provide the necessary funding for training of own personnel, purchase of personal protective equipment, replacement of equipment that has spent its statutory service life, improvement of technology, elimination of potential threats and disposal of waste liquids and sludge, solid waste.

4.6. To timely check the HSE conditions in accordance with the plans and actions specified in paragraph 4.2 of this Regulation. The Contractor shall promptly identify and eliminate violations and potential threats.

If there is a potential threat to the life and health of own employees and employees of the Customer, Subcontractors (if any), as well as any other persons, also for environment, the Contractor is obliged to take all necessary measures, including suspension of work, to eliminate these violations.

4.7. Operation of the Contractor’s motor vehicles shall be carried out in accordance with the laws, legislative and statutory instruments of the Republic of Kazakhstan governing the operating and maintenance rules of motor vehicles.

The Contractor shall appoint by the order the executive officials who are to monitor and ensure the following:

- correctness and compliance of the issuance of waybills for the right to drive motor vehicles, conduct maintenance, inspect vehicles at the exit to line and enter the garage;

- operating condition of motor vehicle;

- compliance with the pollutant emission statutory ratios of exhaust gases of vehicles and other means approved for operation on the territory of the Customer;

- conducting medical examinations of drivers;

- compliance with road safety requirements.

Employees of the Contractor while carrying out production (labor) activities at the facilities of the Customer are prohibited to:

- drive a motor transport without a properly issued waybill, undergo a pre-shift medical examination, also in a state of alcoholic, narcotic, inhalant intoxication. In the waybill for right to drive a car, last name, first name and patronymic of the Contractor’s employee admitted to driving must be fully spelled out, a mark of the person of the Contractor responsible for release of vehicles on the line in operating condition.

- exceed the speed of road traffic, prescribed on the territory of the Customer’s production facilities. From 2018, all Contractor motor vehicles used on the territory of the Company must be equipped with special devices to ensure the control of high-speed traffic established by the Customer in the territory of its facilities. In the absence of such speed control devices, Contractor’s vehicles are not allowed to be used at the Customer’s site. Upon the Customer’s written request (if necessary), the Contractor shall provide documentary data on the Contractor’s vehicle speed, route and time, date of movement, etc., which must be drawn up on the Contractor’s official letterhead signed by the Contractor’s responsible employee.

- operation of vehicles in a state of disrepair and/or with exceeding the pollutant emission standards in the exhaust gases of vehicles and other means.

- admission of the Contractor’s driver to the line when he is fatigued.

A copy of the orders on appointment of responsible employees should be submitted to the health and safety department of the Company’s branch.

4.8. Training, instruction, testing of employees' knowledge on industrial safety and labor protection are conducted by the Contractor at its own expense.

Employees hired by the Contractor must undergo prior training organized by the Contractor with subsequent mandatory testing of knowledge on industrial safety and labor protection.

Contractor’s employees who have not been previously trained, instructed and tested in the areas of industrial safety and labor protection are not allowed to work at the Customer’s facilities.

4.9. The Contractor is obliged to ensure that its employees comply with the HSE requirements, as well as the Customer’s requirements for the safe operation in production, specified in the Customer’s documents.

The Contractor shall be obliged to conduct the necessary instructions, training and testing of knowledge on industrial safety and labor protection in accordance with the current legislation of the Republic of Kazakhstan, operating rules and staff development.

4.10. Contractor’s managers and persons responsible for ensuring occupational safety and health must periodically, at least once every three years, be trained and tested in occupational health and safety knowledge in organizations providing professional training, retraining and advanced training in accordance with the current legislation of the Republic of Kazakhstan.

4.11. The Contractor is obliged to improve the situation on the security guarding of the facilities, to improve security guarding conditions at the production and household facilities, where the Contractor conducts its production activities.

It is necessary to install a video surveillance system and round-the-clock security at the most important facilities located on or near the territory of the Customer and owned by the Contractor on the basis of ownership or lease in order to ensure production safety and counter possible acts of terrorism.

4.12. To carry out environmental protection measures at contractual facilities, strictly control environmental pollution, not to exceed the limits on pollutant emission into the environment established by the permit (emissions, discharges, waste disposal), ensure the safety of natural resources.

4.13. To timely provide health and safety division of the relevant branch of the Company with information on HSE, including monthly reports, a half-year report, an annual report on HSE and accident investigation reports, etc. To assist the Customer in conducting inspections, follow the written instructions of the Customer.

4.14. In the absence of appropriate conditions for HSE, the Contractor is prohibited from commencing the work. If during the performance of contractual obligations serious violations and hidden threats arise, the Contractor must take appropriate measures to eliminate the violations found, up to and including the work suspension in order to avoid undesirable consequences.

4.15. In the event that HSE violations, committed due to the Contractor’s fault as a result of inadequate execution of production control by them, will result in the delay in implementation of contractual obligations on its part, as a result of which the Customer may incur economic damage, the responsibility will be fully assigned to the Contractor.

4.16. The Contractor for HSE violations, committed by it within the performance of works (services) on the territory of the Company, bears full responsibility for violations and pays any penalties imposed by monitoring bodies for violations of the requirements of the legislative and statutory instruments of the Republic of Kazakhstan in the field of HSE, and protects the Customer from any types of claims and lawsuits related directly or indirectly to these violations.

Penalties are paid by the Contractor on the basis of official documents issued by representatives of monitoring bodies.

If for the violations committed by the Contractor, the penalties of monitoring bodies will be imposed on the Customer, the Contractor shall reimburse the Customer for all costs associated with the payment of such penalties.

4.17. The Customer is entitled to inspect/verify the work of the Contractor, suspend and prohibit the work (performance of services) produced in violation of legislation on HSE, and require remediation and elimination of the consequences of such violation.

4.18. Upon completion of the work, the Contractor undertakes to carry out appropriate work on territory of the facility for cleaning the area from pollution resulting from its production activities at its own expense and handing over to the Customer according to a written act of acceptance with conformity assessment referred to in this paragraph of the Regulation, the standards established by the legislation of the Republic of Kazakhstan.

4.20. The following hazardous work must be performed by the Contractor according to a written permit to work, recorded in the registration log of permits to work by the Contractor’s responsible employee.

- gas hazardous work - work related to the inspection, cleaning, repair, depressurization of process equipment, utilities, including inside tanks, etc., during which there is or cannot be excluded the release of flammable or harmful vapors into the working area of inflammable or toxic gases and other substances that can cause explosion, fire, have a harmful effect on the human body, work with insufficient oxygen content (volume fraction below 20%);

- work with load-lifting cranes at a distance closer than 30 m from the lifting (sliding) part of the crane in any of its position, as well as from the load to the vertical plane formed by projection on the ground of the nearest wire of an overhead transmission line under voltage;

- work inside the vessel (internal inspection, repair, cleaning, etc.);

- hot work - work involving the use of an open flame, sparking or heating parts (structural elements) to temperatures that can cause ignition of substances, materials and structures (welding, cutting, brazing using electric arc, gas flame and plasma arc power, heating of constructions, equipment and utilities with electric heaters, blowtorches, gas and liquid burners, metal working with the formation of sparks, etc.).

- work at height - work in which the worker is at a height of 1.3 meters or more from ground level, floor or working flooring and performed from scaffolding, scaffolding with fences; from step ladders and straight ladders, from non-fenced surfaces;

Works, performed at a height of 5 m from the ground surface, floor or working deck, if the safety belt is a primary precaution from falling from height for a person working at height, are considered climbing.

This list of hazardous works is not exhaustive. If there is a risk of increased hazard during the performance of certain works, the Contractor, guided by common sense, possible consequences of performing such works, shall take the necessary measures to ensure the safety of these works, including the issuance of a work permit in these cases.

**5. Control over the Contractors for HSE management.**

The heads of relevant branches, divisions of the Customer as part of their duties, are obliged to conduct the production control over the works on HSE carried out by Contractors on the territory of the Company:

5.1. The management, chief specialists, employees of health and safety division of the Company's branches control the work of Contractors in terms of HSE, organize inspection of the works of Contractors in terms of HSE.

5.2 Upon a request of the Customer’s management, the relevant branches, departments, and responsible persons of the Customer verify the compliance of detailed designs with the requirements of the legislation of the RoK, reliability and safety of equipment, technology used by the Contractor at the Customer’s production facilities.

According to the results of such inspections in the presence of HSE violations, Customer issues a written instruction to Contractor to eliminate the revealed violations. Form of the instruction is given in Annex No. 2 to this Regulation

**6. Notification and exchange of information on HSE**

Permanent cooperation, contacts and exchange of information on HSE between the Customer and contractors.

6.1. 6.1 Contractors (during the term of providing services to the Company) are obliged to provide the following reports and plans to the health and safety division of relevant branch of the Company:

- monthly report on HSE for previous month until the 5th day of following month,

- report on the work done on HSE for the first half of the year and work plan on HSE for the second half until 5th July of each year,

- annual report on the work done on HSE for previous year and work plan for current year until 5th January of each year.

HSE reports should at least contain the following information:

- about violations and shortcomings revealed during various inspections. Number of resolved violations is indicated. For unfulfilled violations - the reason for non-compliance is indicated.

- about implementation of the measures to ensure safety and improve working conditions provided for by various plans, programs, orders, acts, etc., about the reasons for nonfulfillment (if any);

- about violations identified during various inspections, elimination of which depends on the heads, specialists of divisions and services of the Contractor (if any);

- about facilities at which works are stopped by monitoring bodies;

- about implementation of orders, instructions of Customer, directions of monitoring bodies;

- about provision of workers with overalls, safety footwear and other means of personal protective equipment, about equipment of divisions, sites by rules, instructions, other regulatory documents, posters, safety signs (once a quarter);

- about the employees brought to responsibility (disciplinary, administrative, criminal and material) for violation of HSE requirements.

The Contractor’s plans in the field of HSE shall foresee such possible types of work:

- organization and carrying out of appropriate levels of production control over the state of working conditions;

- monitoring compliance with the requirements of statutory instruments in the field of HSE;

- carrying out staff training and testing of knowledge in the field of industrial safety and labor protection; attracting highly qualified specialists for the educational process.

- carrying out inspections of compliance with the correctness of conducting and registering the works of major hazard;

- monitoring compliance with the rules of operation, timeliness of the survey and testing of vessels, pressure devices, steam and hot water boilers, electrical installations, lifting machines and mechanisms, load-lifting apparatus and devices, etc. (if available);

- monitoring compliance with process parameters, regulations, instructions;

- consideration at brief meetings on work progress foreseen by the system of the preventive maintenance and repair of equipment used at Customer’s facilities;

- development, revision, publication of instructions for safe operation, teaching materials, memorandums and other manuals on HSE;

- acquisition of reference, regulatory and technical documentation, posters, safety signs, acquisition and implementation of technical training tools, work on the equipment of the relevant offices of labor protection (if necessary);

- holding meetings, conferences on HSE issues;

- organization of experience exchange of in the field of HSE, introduction of the best practices in this area (if any);

- summarizing the results of work in the field of HSE, compiling the envisaged reports on this work.

- conducting inspections of the correctness and operation of ventilation systems and installations (if any);

- conducting inspections and tests of protection equipment and devices;

- identification of needs and provision of the Contractor's personnel with personal protective equipment;

6.2 In case of a serious injury or death of the Contractor’s employee as a result of accident related to the Contractor’s work, traffic accident or environmental pollution (hereinafter - the “incidental”), Contractors are obliged to inform the Customer (a relevant branch, health and safety division of this branch) immediately by telephone and within twelve hours to provide the Customer with written information.

The contractor is obliged to keep the situation at the scene of the incidental (state of equipment and machinery, tools) in the same form as at the time of the incidental, provided that it does not threaten life and health of others, and the discontinuity of the production process will not lead to incidentals, as well as take pictures of the scene.

After completion of the official investigation of incidental causes, conducted in accordance with the RoK current legislation, Contractor shall provide Customer with one copy of the original investigation act within five calendar days from the date of investigation completion.

6.3. In the event of other incidentals without human victims and environmental pollutions, Contractors are required to provide the written information to health and safety division of relevant branch of the Customer within twenty four hours. Incidental referred to this paragraph of Regulation are also subject to investigation to establish the causes of incident and prevent such incidentals in future. The contractor is obliged to provide Customer with one copy of the original investigation act within five calendar days from the date of completion of the investigation.

6.4 The Customer guarantees that it will carry out an environmental impact assessment. Materials of the environmental impact assessment (hereinafter - the “EIA”), section of “Environmental Protection” to the project (hereinafter - “EP Section”) or other design and regulatory documentation may be provided to the Contractor agreed with authorized state bodies of the RoK.

**7. Estimation of HSE achievements of the Contractors.**

7.1. The criteria for assessment are the availability of accidents (breakdowns), HSE incidents and HSE system operation and management. The indicators are evaluated in accordance with Annex No.1 to this Regulation.

7.2. After inspection of the Contractor, the Customer’s responsible person fills in an instruction on elimination of HSE violations, which is specified in Annex No.2 to this Regulation and sends to the Contractor, a copy of instruction is sent to health and safety division of relevant branch.

7.3. The Contractor shall, within three calendar days after expiration of the period provided for in an instruction on elimination of HSE violations, provides information on implementation of the revealed violations to health and safety division of the relevant branch of the Company.

Identified (committed) violations of health and safety division of the branch in accordance with Annex No.1 to this Regulation, an Act of withholding shall be compiled for violation of HSE rules (requirements), a form of which is given in Annex No.3 to this Regulation (hereafter - the “Act of withholding”), which shall be signed by the management of the relevant branch of the Customer and authorized representative of the Contractor.

7.4. Act of withholding, signed by the persons specified in paragraph 7.3 of the Regulation, is submitted for consideration and approval to the management of the Customer, after approval of this act by the management of the Company, approved Act of withholding is sent to the Contractor with a covering letter.

7.5. Approved Act of withholding for violation of HSE rules (requirements) by the Contractor is sent to Customer’s contract support division, accounting division for further execution and withholding.

7.6. When making a payment request for Contractor’s services, the Customer shall deduct from amount of Contractor's payment according to the results of HSE assessment based on Act of withholding.

If in the current period the withholding amount, according to the results of HSE assessment, exceeds the payment amount, then remaining amount is withheld from the payment in the next period or Contractor deposits money to Customer’s account.

**8. Delineation of responsibility for the environmental pollution**

8.1. The Contractor assumes all risk and all responsibility for preservation of natural resources, protection of the environment from pollution in the course of its production activities carried out by the Contractor on the territory of the Company, disposal and cleaning of the consequences of accidental pollution, including but not limited to:

- spill and leakage into environment the natural environment (terrain, surface waterbodies, subsoil) of the hydraulic fluid, fuel, lubricants, motor oils, flushing fluid, paints, solvents, reagents, domestic sewage.

- waste disposal in unauthorized places, the organization of unauthorized landfills (including household waste), other pollutants (materials) under the control of the Contractor.

- emergency, peak emission of gaseous pollutants into the environment.

8.2. The Contractor undertakes to protect the Customer from any claims, requirements, liability and reimburse it for all losses, damage, costs and expenses of any kind arising from or due to any pollution or leak specified in paragraph 8.1 of this Regulation.

8.3. The Contractor is obliged to take all measures for cleaning the work areas and areas around them from any kind of waste and pollutants.

If, according to Customer’s reasonable opinion, Contractor was unable or due to negligence did not struggle with pollution, to eliminate the consequences and clean up pollution and leaks for which it is responsible in accordance with this Regulation, Customer has the right (without losses to its rights and remedies) take any measures necessary to control pollution, eliminate and clean up pollution effects and leaks, and retain any costs and expenses in connection with these measures and any sums due to Contractor under the services contract (work performance), or to charge these costs and expenses as a debt.

8.4. Charge and payment for environmental pollution: emissions, discharges and waste disposal associated with inevitable damage to the environment under the condition of incident-free operation, are undertaken by the Customer, unless otherwise provided by the Contract for the provision of services (work performance).

8.5. Charge and payment for environmental pollution by mobile sources of Contractor (vehicles, machinery equipped with internal combustion engines) for fuel consumption are undertaken by the Contractor.

8.6. Penalties and compensation for damage resulting from accidental pollution due to the fault of Contractor and/or violations of the RoK environmental legislation, identified by actual events that have been identified by the monitoring bodies as a result of inspections, are reimbursed by Contractor in full manner.

8.7. Contractor is obliged to provide all data on the actual production, consumption of raw materials, materials and operating time of the equipment necessary for Customer to calculate the amount of current payments, monthly upon written request of the Customer.

8.8. Contractor is obliged to conclude a contract for waste utilization, (including liquid household waste (hereinafter - LHW), formed as a result of its activities on the territory of the Customer, with a specialized entity, unless otherwise provided by the services contract for the Customer. A copy of the contract and acts for utilization of waste generated as a result of Contractor activities on the territory of Company shall be provided to Customer within 2 calendar days from the date of the written request of Customer.

**9. Industrial environmental control (IEC) and industrial environmental monitoring (IEM).**

9.1. Industrial environmental monitoring is carried out by the Customer with assistance of an accredited laboratory of a third-party organization on the basis of IEM Program.

As an option, Contractor can carry out its own monitoring of the state of EP by visual or analytical methods. In this case, Contractor shall develop and agree with the Customer the Regulation for conducting industrial environmental monitoring.

**10. Inspections and audits**

10.1. The Customer has the right to carry out systematic production control and conduct periodic audits of the Contractor’s activities at the work sites in order to control Contractor’s compliance with the requirements of this Regulation.

10.2. Contractor shall allow Customer's representatives to Contractor's work areas and facilities located on the territory of Company's branches at any time for the purpose of inspections for compliance with the requirements of the RoK legislation and Customer’s principles. Any time is understood as the working time of Contractor during which it performs works (services) for Customer.

Inspection of Contractor’s facilities shall be carried out by Customer in the presence of Contractor’s employee who is Operations Manager. In the absence of such a manager from part of Contractor at the time of inspection by Customer the inspection is carried out in the presence of Contractor’s employee who is senior in his position at the time of inspection.

Violations or the hazardous situations found during inspections shall be registered and corrected within a specified time, but in no case later.

When identifying a violation that poses a potential hazard both to Contractor’s, Subcontractor’s and Customer’s employees (if any) and to the environment, at the request of Customer’s representatives, the work may be terminated and the workers found guilty may be suspended from the work.

10.3. In turn, the Customer requires from the Contractor to ensure compliance with the requirements of this Regulation by monitoring and conducting a periodic inspections of Subcontractors' activities (if any) as well as taking necessary and timely measures to eliminate any violations of this Regulation.

**11. Responsibility for violation and non-compliance with HSE requirements.**

11.1. In the event of a significant violation and non-compliance by the Contractor, as well as its Subcontractors (if any), suppliers of the requirements of statutory and legislative instruments of the RoK in the field of HSE, this Regulation, as well as the provisions of the contract governing these obligations, the Customer is entitled to unilaterally terminate the contract by warning the Contractor in writing no later than thirty calendar days.

11.2. A violation of the contract by the Contractor is recognized as significant if it entails such damage to the Customer that it is largely deprived of what it was entitled to rely on when concluding the contract.

11.3. Agreement on the contract termination is made in the same form as the contract, unless otherwise provided by law, contract or business practice.

11.4. A request to terminate the contract may be submitted by the Customer to the court only after receiving a refusal from the Contractor to a proposal to terminate the contract or not receiving a response within the time specified in the proposal or established by law or contract, and in its absence - within thirty days.

11.5. If the basis for contract termination was a significant violation of contract by the Contractor, the Customer is entitled to claim compensation for damages caused by contract termination.

**Chief Technical Superintendent**

**for Health and Safety**

**of JSC "AK Altynalmas"   
K.S. Sankibayev**

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| --- | --- | --- | --- |
| **Annex No.1 to Regulation on Health, Safety and Environment**  **for Contractors of JSC “AK Altynalmas”**  **Criteria for HSE assessment** | | | |
| **Indicators** | **Content of assessment** | | **Withholdings**  **(MCI)\*** |
| **No.** | **Indicators** |
| HSE accidents (breakdowns), incidents | 1 | Death toll: one person or more | 4 000 x per death toll |
| 2 | Number of severely injured: one or more | 2 000 х per number of injured |
| 3 | Occurrence of man-caused emergencies due to Contractor’s fault | 1500 |
| 4 | Direct material damage due to industrial accident or incident, committed by the Contractor, exceeds an amount equivalent to 10,000 MCI | 1000 |
| 5 | Environmental damage from serious pollution by the Contractor exceeds an amount equivalent to 10,000 MCI | 1000 |
| 6 | Direct material damage (environmental damage) committed by the Contractor exceeds the amount equivalent to 5,000 MCI but does not exceed the amount equivalent to 10,000 MCI | 500 |
| 7 | Direct material damage (environmental damage) committed by the Contractor exceeds the amount equivalent to 3,000 MCI but does not exceed the amount equivalent to 5000 MCI | 300 |
| 8 | Concealment of work-related accidents, also incidents in the field of civil protection, committed by the Contractor. | 300 x per number of concealed cases |
| 9 | Untimely provision of information (reports, work plans) to Customer in the field of HSE as well as cases of injuries, incidents, fatal accidents caused by the fault of Contractor. | 100 x per number of cases of non-submission of information |
| HSE system | 10 | Lack of system and management structure in the field of HSE | 1500 |
| 11 | Responsibility of Contractor’s persons responsible for HSE is not defined | 500 |
| 12 | Non-compliance of the rules and instructions with HSE requirements of the authorized body governing the development and approval of the instructions on health and safety by the employer. | 100 x number |
| 13 | Failure to comply with requirements of legislative and statutory instruments of the RoK, internal regulatory documents of Customer, Contractor in the field of HSE. | 100 x number |
| Functioning of HSE system and HSE management | 14 | Admission of Contractor’s employees to special work, for which the RoK legislation provides for mandatory availability of certificates, without such documents or with expired period | 100 x number |
| 15 | Performance of hazardous works without current permit to work as required by Regulation’s requirements. | 100 x number |
| 16 | Leaving the workplace without the permission of Contractor’s responsible person, going to work in state of alcoholic, narcotic, psychotropic, toxic intoxication (their analogues), including in cases of the use during working day of the substances causing state of alcoholic, narcotic, inhalant intoxication (their analogues). | 100 x number |
| 17 | Violation of the rules of transportation, moving, use of explosives, radioactive substances and hazardous chemicals | 100 x number |
| 18 | Issuance of instructions by Contractor’s responsible persons, forcing Contractor’s personnel to violate applicable HSE rules and requirements | 200 x number |
| 19 | Failure or incomplete (partial) implementation of the Customer’s instructions, previously issued in accordance with the Regulation’s requirements | 100 x number |
| 20 | Untimely elimination of the revealed hidden threat | 100 x number |
| 21 | Failure to conduct periodic HSE inspection according to work plans indicated in paragraph 4.2 of this Regulation. | 300 х number |
| 22 | Conducting (performance) of works in the field of HSE with violations of the requirements of legislative and statutory instruments of the RoK, Contractor’s and Customer’s internal regulatory documents. | 300 х number |
| 23 | Conducting induction, training as well as emergency trainings with violations of the requirements of statutory instruments governing the rules and terms of training, instructing and testing knowledge on health and safety, fire and industrial safety | 100 x number |
| 24 | Falsification of access pass, permit, certificate, documents, etc. | 500 x number |
|  | 25 | Execution of works without passing pre-shift medical examination | 100 x number |

*\* Monthly calculation index (MCI), established by the Law of the Republic of Kazakhstan "On the Republican budget" for a corresponding year.*

**Annex No.2 to Regulation of Health, Safety and Environment**

**for Contractors of JSC “AK Altynalmas”**

INSTRUCTIONS

In accordance with the legislation of the Republic of Kazakhstan in the field of HSE, I demand to eliminate the following violations of HSE requirements:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No.  item | Title of revealed violation | Measures for elimination of the revealed violation | Responsible for execution | Period of execution |
| 1 | 2 | 3 | 4 | 5 |
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Instruction is given by: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(signature, date) (full name, position)

I agree with the revealed violations and received one copy of the instruction for execution:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(signature, date) (full name, position)

**Annex No.3 to Regulation on Health, Safety and Environment**

**for Contractors’ of JSC “AK Altynalmas”**

“Approved”

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

“\_\_\_” \_\_\_\_\_\_ 20\_\_

**Act of withholding for HSE rules violation (requirements)**

**by Contractor**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Revealed violations | Number of violations | Withholding amount | Note |
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| TOTAL: | | |  |  |

Head of Customer’s branch\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_

(signature) (full name) (date)

Authorized representative

Contractor: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_

(signature) (full name) (date)