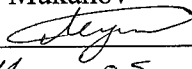
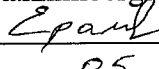
 <b>ҚазМұнайГаз</b> <small>NATIONAL COMPANY ҰЛТТЫҚ КОМПАНИЯСЫ</small>	<b>JSC “National Company “KazMunayGas”</b>	
Document title	<b>Model Regulation for Interaction between SACs and Contractors Working on the Sites of JSC NC “KazMunayGas”</b>	
Document type: Regulations	Code: <b>KMG-RG-3599.1-4</b>	<b>Page 1 of 4</b>
Prepared by: A. Mukanov  <u>11 05</u> 2020	Reviewed by: Y. Rakhimbergenov  <u>11 05</u> 2020	Approved by Resolution of the Management Board dated <u>2 June</u> 2020, minutes No. <u>25</u> .

## 1. Document Objective and General Provisions

This Model Regulation for Interaction between SACs and Contractors Working on the Sites of JSC NC “KazMunayGas” (hereinafter – the “Regulation”) has been prepared to minimise the external and internal risks of damage to KMG’s business reputation, including establishing uniform requirements to the contracts entered into by SACs with Contractors working on the sites of KMG in respect of complying with the labour law, providing employees with social and living conditions and catering, setting the employee remuneration level, providing employees with work equipment required for performance of their duties, creating conditions for effective interaction between the employees and employers of the Contractors.

## 2. Scope of Application

2.1. This Regulation is binding on SACs that enter into contracts and monitor performance under contracts with Contractors who have their own personnel and are engaged in works and services, including all accompanying works and services on the KMG sites.


2.2. This Regulation can be applied by KMG SACs in accordance with the established procedure by way of developing and approving a similar Regulation or by way of harmonising the internal documents of KMG SACs with this Regulation, provided that the requirements contained in the similar regulations and the internal documents of KMG SACs are at least as rigorous as those contained herein.

## 3. Definitions and Abbreviations

The following definitions and abbreviations are used for the purposes hereof:

**SACs**

- Subsidiaries and associated companies, including jointly-controlled entities and joint ventures of JSC NC “KazMunayGas”.

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<b>Contract Administrator</b>	- Business unit of KMG SACs which initiates conclusion of a contract and monitors performance by the Contractors of their contractual obligations.
<b>Strike</b>	- Full or partial cessation of work with the purpose of satisfying the social, economic and professional requirements of employees in a collective labour dispute with the employer.
<b>KMG</b>	- Joint-Stock Company “National Company “KazMunayGas”.
<b>Heads of BUs</b>	- Heads of business units of SACs which are Contract Administrators.
<b>KMG sites</b>	- Buildings, structures, premises, process equipment and production plants used in operations and located in the territories (contract territories) of SACs.
<b>Contractors</b>	- A legal or physical person engaged by SAC to perform works or render services under the contract, who operates on the sites of SAC and has their own personnel.

#### **4. Responsibilities**

**4.1. CEOs of SACs, Heads of BUs and the Contract Administrator** are responsible for:


1) including the Employment Relations Requirements for Contractors attached hereto as Appendix 1 (hereinafter – the “Requirements”) in the contract with the Contractor;

2) timely informing KMG of any violations of the Requirements by the Contractors, including any strikes started by the Contractors’ employees on the KMG sites;

3) informing KMG of the progress in implementing the Regulation minimum every six months.

**4.2. Heads of BUs** shall be responsible for:

1) timely informing CEOs of KMG SACs of any violations of the Requirements by the Contractors, including any strikes started by the Contractors’ employees on the KMG sites;

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2) control and continuous monitoring of compliance with the Requirements by the Contractors, in particular to identify and record potential factors, causes, conditions and prerequisites of any negative social developments;

3) interacting with the Contractors to ensure their compliance with the Requirements;

4) analysing the monitoring findings in order to work out practical recommendations for resolving issues; informing KMG about compliance with the Requirements by the Contractors at least every six months.

## 5. Description of Audit Procedure

5.1. KMG SACs may conduct scheduled and unscheduled audits to check performance by the Contractors of their employment relations obligations. Unscheduled audits shall be conducted based on the communications and information from employees of the Contractor about violation of their legal rights; publications in mass media; information from state authorities and other sources, including officials of the KMG SACs.

Audits shall be conducted by the Contract Administrator or by special commissions / work groups formed in the SACs.

Audits for compliance with the Requirements shall be conducted in the presence of authorised representatives of the Contractor.

During the audit, the Contractor shall, in accordance with the Requirements, present relevant and objective information concerning employment relations with its employees, and provide access to all the social, living and production facilities.

In case any Contractor fails to comply with the Requirements, the KMG SAC will hold such Contractor liable, even terminate the contract.


If any social or labour conflicts occur or appear imminent, the KMG SACs shall assist the Contractor in resolving the problem in accordance with the applicable law.

## 6. Document References

N/A


## 7. Record Forms

1.	KMG-F-3600.1-4/ RG-3599.1-4	Employment Relations Requirements for Contractors
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## **8. Amendment Procedure**

Any amendments to the Regulation shall be made in accordance with the established procedure by a resolution of the KMG Management Board.

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Appendix No. \_\_\_\_\_  
to Contract No. \_\_\_\_\_

## **Employment Relations Requirements for Contractors**

### **I. Obligations of the Contractor in the course of performing works / rendering services under the Contract**


1. In the course of performing works / rendering services under the Contract, the Contractor shall strictly ***comply with the labour law of the Republic of Kazakhstan, including, but not limited to:***

- 1) Procedure for entering into employment agreements, requirements for their subject-matter and form.
- 2) Admitting people to work only after the employment agreement is signed.
- 3) Working hours and working pattern.
- 4) Shift work and rotation method.
- 5) Night and overtime work.
- 6) Off hours.
- 7) Minimum wage rate and guaranteed remuneration.
- 8) Payroll procedure and time limits.

2. To ensure the modern level of industrial culture, occupational health, higher efficiency and productivity, ***the following social and living conditions shall be provided for the employees:***

1) Hot meals and potable water on all sites where the Contractor operates under the Contract, namely:

- Ensuring quality catering that satisfies the employees; arranging for daily control. The food must be easily digestible, have good taste, be cooked of a variety of products which have proper chemical composition that fully satisfy the body needs. The recommended intake of energy, proteins, fats and carbohydrates for workers engaged in physically demanding jobs shall be 3,450 to 3,600 kcal a day. In view of the above, the food ration of workers must replenish the spent energy and provide at least 1,500 kcal per lunch/dinner.
- Use of any kitchenware or tableware, which is deformed, chipped, has cracks or damaged glaze, aluminium cutlery, carving boards made of plastic or compressed plywood is not acceptable.
- The cooking space must conform to the sanitary and epidemiological requirements. Where thermoses are used, the above requirements must also be complied with at all stages of cooking and eating by the Contractor's employees.

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2) Lodging for employees working on the Customer's sites (locations far from the city where rotational work is practised), namely:


- Providing lodging for rotating workers during their stay on the production site. The minimum area of the living rooms in a hostel must be 6 sq. m per person.
- Changing bed linen, towels and other textile items at least once a week.
- Dry and wet cleaning using detergents and disinfectants as required but at least once a day.
- Ensuring fire safety measures, uninterrupted operation of the fire alarm system and smoke detectors, with the internal fire safety system.
- Ensuring uninterrupted and trouble-free operation of the electrical equipment and grids, cold and hot supply systems, cold and hot water supply systems, ventilation system, as well as preventive measures.
- Providing detergents, disinfectants (permitted for use in RoK), paper towels, and toilet paper to keep the hostel clean in accordance with the sanitary and epidemiological standards.

In case the Contractor has no own facilities to provide lodging for employees working on the Customer's sites (locations far from the city where rotational work is practised), such Contractor shall take measures to obtain access to residential premises available at such sites of the Customer in order to provide lodging for their employees.

3) The employees working on the Customer's sites shall be provided with transport to bring them to the Customer's sites and move between the sites, provided that:

- The Contractor shall have all the permits for passenger carriage and transportation services.
- The vehicles for carrying passengers shall be equipped with air-conditioning and/or ventilation, a heating system, and cushioned seats. Passenger compartments of buses and vans must be clean, the seats shall be adjustable and undamaged.
- The vehicles shall meet the comfort requirements, be equipped with seat belts for all the passengers and with all the technical facilities for the summer and winter seasons.

4) The employees shall be provided with work equipment in the right quantities and in good working condition to ensure the Contractor's performance in full compliance with the terms of the Contract, namely: labour instruments or mechanical facilities (engineering tools, machines, equipment, tools, etc.).

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## **II. Interaction of the Contractor with the employees to learn about their sentiments in a timely manner**

In order to learn about the sentiments of the Contractor's employees and to inform the employees about the activities of the company, the Contractor shall ensure the following internal communication mechanisms:

- 1) The Contractor's CEO shall hold annual meetings on social and labour matters with the employees after the end of the first six months (before 1 September) and after the end of the year (before 1 March), where the employees shall be informed about the performance of the Contractor, and the Contractor's management shall record questions and proposals of the employees and provide a feedback. The Contractor's CEO shall receive employees of the company to address their personal matters at least once a month.
- 2) The Contractor shall ensure that applications of the employees are processed, and the applicants are informed about the decisions made.

## **III. Customer's audit of compliance by the Contractor with these Requirements**

The Customer may conduct scheduled and unscheduled audits to check the Contractor's compliance with the RoK laws and these Requirements. The audit findings shall be recorded in the Checklist in the form established by the Appendix hereto.

Scheduled audits shall be conducted at least once a year. Unscheduled audits shall be conducted based on the communications and information from employees of the Contractor about violation of their legal rights; publications in mass media; information from state authorities and other sources, including officials of the Customer.


In the course of the audit, the Contractor shall:

- provide the Customer with relevant and objective information;
- ensure the Customer's access to all the social, living and production sites.


## **IV. Accessory employment related obligations of the Contractor**

The Contractor shall:

- continuously monitor and analyse the situation in the working team to identify and record potential factors, causes, conditions and prerequisites of any negative social developments;

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- examine, assess and forecast real and potential risks of social unrest among the employees;
- inform the Customer if any social or labour conflicts occur or appear imminent. In such a case, the Contractor shall enter into negotiations with representatives of the employees and take measures to resolve the problem in accordance with the applicable law;
- establish similar Requirements for subcontractors engaged to perform works on the sites of the Customer.


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**Appendix**


**to Employment Relations Requirements for Contractors**

**CHECKLIST**  
**for the Customer's audits of the Contractor's compliance with the obligations**  
**related to employment relations during performance of Contract \_\_\_\_\_**


<i>This checklist serves as a record form to be used during an audit of the Contractor.</i>				
<i>As an independent legal entity, the Contractor shall be responsible for compliance with the provisions of the Labour Code of the Republic of Kazakhstan and performance of the labour-related contractual obligations.</i>				
<i>This audit does not cover occupational health and safety.</i>				
<i>Audited period</i>				
<b>GENERAL INFORMATION</b>				
Participants of the audit				
Location				
Date of audit				
<b>INFORMATION ON THE CONTRACTOR</b>				
Company name				
Total number of employees				
	<b>Employment</b>	<b>Yes</b>	<b>No</b>	<b>Comment</b>
1	Employment agreement is executed, and 1 copy is issued to the employee.			
2	Employment orders are available, and the employees have read and understood them.			
	<b>Hours of work and rest</b>	<b>Yes</b>	<b>No</b>	<b>Comment</b>
3	Time sheets have been signed and reflect the time actually worked.			
4	According to the time sheets, rotation shifts are no longer than 15 days.			
5	According to the time sheets, the working hours do not exceed the duration set out in the employment agreement.			
6	There are no employees in the company, who have not be granted their annual leave over the past two years.			

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7	The Employment Agreement fully conforms to the Labour Code of the Republic of Kazakhstan.			
8	Employment agreements were terminated in full compliance with the Labour Code of the Republic of Kazakhstan.			
9	The duration of the working hours is regulated in compliance with the Labour Code of the Republic of Kazakhstan.			
10	The working pattern conforms to the Labour Code of the Republic of Kazakhstan.			
11	No violations have been made in respect of personnel engagement in night and overtime work.			
12	The total duration of overtime work does not exceed twelve hours a month and one hundred and twenty hours a year.			
13	The duration of daily (inter-shift) rest between the end of the work and the beginning of the work on the following day (shift) is at least twelve hours.			
14	The main annual paid leave is provided to the employees as per the leave schedule, in full and in a timely manner.			
<b>Wages and other benefits</b>		<b>Yes</b>	<b>No</b>	<b>Comment</b>
15	The wage is established and paid in cash in the Kazakhstan national currency at least once a month no later than the first third of the following month.			
16	The amounts in the payroll lists reflect the right number of hours as recorded in the time sheets, including payments for work on public holidays, at weekends, at night and overtime.			
17	Pension and social welfare contributions are confirmed.			

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18	Sick pays are made correctly, in compliance with the RoK law.			
19	The Contractor complies with the government guarantees for remuneration set out in the Labour Code of the Republic of Kazakhstan.			
<b>Termination of employment</b>		<b>Yes</b>	<b>No</b>	<b>Comment</b>
20	All resignations of the employees are confirmed with duly executed resignation letters.			
21	All dismissals by the employer are reasonable and comply with the Labour Code of the Republic of Kazakhstan.			
<b>Compliance with the terms and conditions of the collective bargaining agreement</b>		<b>Yes</b>	<b>No</b>	<b>Comment</b>
22	The company has a collective bargaining agreement.			
23	The company has an employee representative committee / trade union.			
<b>Requirements for social and living conditions</b>		<b>Yes</b>	<b>No</b>	<b>Comment</b>
24	Hot meals and potable water available on all operational sites.			
25	Lodging provided for employees working on a rotation basis during their stay on the production site. The area of the living rooms in a hostel is minimum 6 sq. m per person.			
26	Bed linen, towels and other textile items are changed at least once a week.			
27	Dry and wet cleaning using detergents and disinfectants as required but at least once a day.			
28	Fire safety measures, uninterrupted operation of the fire alarm system and smoke detectors, with the internal fire safety system.			
29	Uninterrupted and trouble-free operation of the electrical equipment and grids, cold and hot supply systems, cold and hot water supply			

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	systems, ventilation system, as well as preventive measures.			
30	Detergents, disinfectants, paper towels, and toilet paper are provided to keep the hostel clean in accordance with the sanitary and epidemiological standards.			
31	The employees are provided with work equipment in the right quantities and in good working condition to ensure performance in full compliance with the terms of the Contract, namely: labour instruments or mechanical facilities (engineering tools, machines, equipment, tools, etc.).			
32	Employees working on the Customer's sites are provided with transport to bring them to the Customer's sites and move between the sites.			
33	The vehicles meet the comfort requirements, are equipped with seat belts for all the passengers and with all the technical facilities for the summer and winter seasons.			
<b>Internal communications</b>		<b>Yes</b>	<b>No</b>	<b>Comment</b>
34	Meeting of the CEO with the team.			
35	Reception of employees to address their personal matters at least once a month.			
36	The applications of the employees are processed, and the applicants are informed about the decisions made.			
37	The Contractor provides timely information about issues of concern that may affect the Customer's operations.			