1. **PURPOSE AND GENERAL PROVISIONS**

1.1. The objectives of this Corporate Standard to Ensure Health, Safety and Environment Competencies in the Group of Companies of JSC NC “KazMunayGas” (“Standard”) are as follows:

1. ensure the HSE Competencies of Employees at all management levels in compliance with the existing Hazardous Occupational Factors at the Facilities;
2. set and identify the level of HSE Competencies for Employees in accordance with the job groups of KMG Group of Companies
3. fill in gaps in the HSE Competencies of Employees and plan further training;
4. introduce the incentive mechanisms for Employees in raising HSE Competencies to achieve the goals and objectives set.

1.2. This Standard has been developed in compliance with the Guidance for the Health, Safety and Environment Management System in the Group of Companies of JSC NC “KazMunayGas” (Version 1), IOGP recommendations and is an internal document of KMG.

1.3. The integrity of the operational management system of KMG Group of Companies is achieved by applying the safest and most effective design methods, as well as organizational discipline in the performance of work aimed to prevent and mitigate the effects of incidents and accidents. Process safety management is provided by the necessary level of HSE Competencies of Employees and requires leadership in the MS functional elements.

1.4. The ensuring of HSE Competencies in KMG Group of Companies is based on the following principles:

1. ensuring the Competencies based on key responsibilities, actions and tasks in assessing Hazardous Occupational Factors;
2. identifying and maintaining compliance of HSE Competencies of Employees and CEOs related to the process safety in order to prevent major incidents and accidents;
3. continuous training to improve Competencies, solidify knowledge and skills through practicing as a key part of the development of Competencies;
4. ensuring Competencies under various conditions and operating modes of the Facilities, including emergencies and failures, maintenance;
5. training methods for the development and improvement of Competencies consistent with the level of Hazardous Occupational Factors and tasks performed;
6. structuring training at the Workplace/Facility related to the assessment of Hazardous Occupational Factors and control measures, including emergency response training;
7. documenting the training process, including confirmation, assessment and records;
8. advanced training from time to time for complicated or important HSE tasks;
9. professional qualifications, including all HSE aspects for the Workplace/Facility consistent with Hazardous Occupational Factors; and
10. identifying and assessing the HSE-related effects in interaction with the Contractors and guaranteeing their ability to manage and control the HSE processes.

**2. SCOPE OF APPLICATION**

2.1. This Standard applies to all Employees and all Facilities and is binding on all KMG Group Employees.

2.2. The Standard can be applied by KMG Group of Companies as prescribed through developing and approving similar standards or bringing an entity’s internal documents in line with this Standard. However, the requirements provided for by this Standard shall not be lower in any similar standards or internal documents.

1. **DEFINITIONS AND ABBREVIATIONS**

This Standard uses the following definitions and abbreviations:

|  |  |
| --- | --- |
| **KMG** | Joint-Stock Company “National Company “KazMunayGas” |
| **KMG Group of Companies** | KMG and legal entities with fifty or more percent of voting shares (interest) beneficially owned or held in trust by KMG, whether directly or indirectly, whose activities can be controlled by KMG |
| **Division** | KMG’s strategic business units, which include several independent BU with a close profile in terms of value chain by one of the following characteristics: product (oil, gas), type of activity (exploration, production, refining, transportation, marketing, sales, etc.).Divisions are responsible for coordination and ensuring interaction between supervised BU/entities of KMG Group of Companies and KMG Corporate Center by their corporate functions |
| **Business Unit (BU)** | Production structural unit of KMG Division responsible for managing a specific area of business/supervised entities of KMG Group of Companies, resolving issues of effective management of the block of shares (interest) of the relevant entity |
| **Health, Safety, Environment (HSE) Block**  | Responsible structural unit of KMG and owner of the HSE Competency ensuring business process  |
| **Responsible Unit Supervising Employee Development and Training Process**  | Responsible structural unit in the entities of KMG Group of Companies and owner of Employee development and training business process |
| **Legal Requirements** | Requirements contained in regulatory legal and authorization documents, including international conventions, standards and treaties, as well as interstate agreements |
| **HSE** | Line of activity in health, safety and environment, which includes such areas as: Employees’ occupational health, hygiene and safety, occupational, fire and traffic safety, emergencies, compliance management, environmental protection (management of emissions, discharges and waste), rational use of natural resources (water, animal and plant life, energy efficiency) |
| **IDP** | Employee’s Individual Development Plan in order to develop and improve Competencies to achieve the targets set  |
| **Competency** (for the purposes of this Standard) | Requirements for Employee’s HSE knowledge, skills and experience necessary to fulfill Employee’s job duties |
| **Line Managers** | Managers of structural units of the entities of KMG Group of Companies, including:-Line Manager (1) – managers of structural units, workshop supervisors;-Line Manager (2) –site supervisors (chief geologists, chief mechanics, chief power engineers) |
| **Facility** | Buildings, structures, premises, process equipment and production plants used in production activities and located within the areas (contract areas) of KMG Group of Companies |
| **Hazardous Occupational Factor** | An occupational factor that might result in employee’s temporary or permanent disability (work-related injury or occupational disease) or death |
| **Contractor** | An individual or legal entity that performs certain work/provides services at the Facility/Workplace under a contract signed with an entity of KMG Group of Companies in compliance with the agreed requirements, terms and conditions |
| **Workplace** | Place of permanent or temporary stay of the Employee in the performance of his/her job duties in the course of job |
| **KMG Management (Chief Executive Officers)**  | Chairman and Members of the Management Board |
| **Business Line/Division Manager** | Deputy Chairman of the Management Board in charge of the relevant Division, such as Hydrocarbon Exploration and Production; Maintenance Infrastructure of Upstream Assets; Gas Transportation and Marketing; Oil Transportation, Oil Refinery and Petrochemistry, Oil Marketing and Sales  |
| **Business Unit (BU) Management** | Representative of KMG Management responsible for efficient management of a certain BU, which is a part of KMG Division (Managing Directors) |
| **Structural Unit Managers** | Managers of structural units (departments, services, directorates, dispatch center), including chief accountant, branches and representative offices |
| **Employee(s)** | Individual(s) having employment relations with the entities of KMG Group of Companies and performing work under an employment contract |
| **MS**  | Health, Safety, Environment Management System in KMG Group of Companies (Version 1)  |
| **Special Training Programs (Modules)** | Programs to train and improve Competencies for HSE operational risk management based on the best international practices for the effective MS implementation and maintenance in KMG Group of Companies |
| **International Association of Oil & Gas Producers (IOGP)** | KMG is an active member of IOGP |

 **4. RESPONSIBILITIES**

4.1. **KMG Management, Business Line/Division Managers, Business Unit (BU) Management, Structural Unit Managers, Chief Executive Officers of KMG Group of Companies** are responsible for:

* 1. ensuring Employees’ Competencies are consistent with the HSE objectives and tasks set;
	2. creating conditions for Employees to continuously improve their HSE Competencies;
	3. arranging training for Employees and ensuring their qualifications in accordance with the Legal Requirements and this Standard with a due consideration of the specifics of the activities of KMG Group of Companies and Facilities thereof; and
	4. protecting Employees and Contractors’ employees from Hazardous Occupational Factors associated with the performance of work at the Facilities.

4.2. **Line Managers** are responsible for:

1. maintaining the required level of HSE Competencies of Employees in their structural units;
2. regular monitoring of subordinate Employees in their structural units and their compliance with the HSE Competency Matrix (KMG-F-3469.1-13/ST-3467.1-13) to this Standard; and
3. control and monitoring of compliance of HSE Competencies of Contractors’ employees.

4.3. **HSE Block** is responsible for:

1. providing methodological support and advisory assistance in organizing the process to ensure the Competencies of Employees of KMG Group of Companies and meet the requirements of this Standard;
2. developing Special Training Programs (Modules);
3. control and monitoring of the compliance of HSE Competencies of Employees of KMG Group of Companies and Contractors’ employees; and
4. keeping this Standard updated.

4.4. **Responsible Unit Supervising Employee Development and Training Process** is responsible for:

1. arranging and conducting training for Employees to develop and improve HSE Competencies in accordance with IDP and internal documents of KMG Group of Companies.

4.5. **Employee of KMG Group of Companies** is responsible for:

1. timely training to develop and improve their Competencies in accordance with IDP; and
2. timely informing the Line Manager of their own limitations in the capabilities of HSE Competencies.
3. **STANDARD REQUIREMENTS DESCRIPTION**
	1. **HSE Competencies**

5.1.1. HSE Competencies are divided into the following attributes that determine Employee’s personal and professional abilities to solve the tasks:

Table 1

|  |  |
| --- | --- |
| **Competency Attributes**  | **Content**  |
| **Knowledge** | Knowledge covers awareness and understanding acquired through experience or training. Knowledge includes hazards and risks, their differences and impact on Employees, risk assessment and management, MS key elements, HSE data collection and analysis, knowledge of Legal Requirements and application thereof at the Workplace/Facility. |
| **Skill** | Ability to take actions to identify hazards and risks, assess risks and develop control measures. Personal skills are also important, such as the ability to interact effectively with other Employees. Skills supporting HSE technical competence and professional assistance for effective work. |
| **Experience** | Experience is acquired from the process of observing or taking any actions Employee faces. Employee gains experience when his/her knowledge and skills have been tested practically and trains as a result of his/her own actions. Employee can gain experience when he/she is under the supervision of another Employee who has more experience. Experienced Employee can give a feedback to Employee and point out errors that they can fix together. |
| **Behavior**(supplementary) | Behavior determines Employee’s abilities to predict future success at the Workplace. The prescribed set of Employee behavioral standards includes communication skills, literacy, knowledge of equipment and processes, critical thinking. |

5.1.2. HSE Competencies include Employee’s knowledge about his/her own limitations in opportunities when it is necessary to seek the advice of another Employee having great knowledge, skills and experience.

* 1. **Competency Level Scale**

The Employee Competency Level is identified according to the 4-level scale indicated in Table 2, based on the combination of Competencies (knowledge, skill, experience), which allows identifying the details of the level of Competencies required for Employee.

Table 2

|  |  |
| --- | --- |
| **Competency development levels** | **Indicators**  |
| **Level 1 –** **Awareness** | **Employee ensures a minimum understanding of HSE corporate requirements:**1. has theoretical knowledge and demonstrates an understanding of the HSE requirements;
2. has knowledge of HSE aspects at the Workplace;
3. complies with the Legal Requirements;
4. participates in discussions regarding the skill;
5. performs routine tasks under increased control;
6. learns to analyze.
 |
| **Level 2 –****Basic Application**  | **Employee has HSE management skills focused enough:**1. a confident user of existing HSE programs, methods and tools;
2. has an ability to be a leader in individual HSE programs, methods and tools;
3. has the understanding and necessary knowledge of the MS programs, methods and tools;
4. performs basic and routine tasks;
5. requires periodic monitoring;
6. improves functional knowledge and abilities;
7. interacts with other Employees.
 |
| **Level 3 – Qualified Application**  | **Employee is actively involved in HSE programs and projects at a higher level:**1) excellent knowledge of existing HSE programs, methods and tools and integration thereof into the general structure of KMG’s business processes;2) understands HSE responsibilities;3) plays an active role in the MS planning and analysis;4) makes decisions on his/her own;5) integrates his/her work into other areas and disciplines;6) often is a mentor or coach of other Employees;7) evaluates and compares alternative solutions. |
| **Level 4 – Expert Application**  | **Employee actively supports and develops MS:**1) has professional knowledge of HSE programs, methods and tools;2) develops and defines standards using best international practices and MS guidelines;3) provides mentoring and supports MS standards;4) has advanced experience in a specific skill and applies creative solutions to complicated problems;5) identifies and promotes the HSE business opportunities and requirements;6) represents KMG interests in HSE issues to stakeholders;7) is a recognized HSE expert. |
| **M** | Management competencies |
| **Т** | Technical competencies |

* 1. **Requirements for Competencies Ensuring**

5.3.1. The general requirements and criteria for HSE Competencies of Employees are identified for each of the 10 MS elements and are specified in (KMG-F-3468.1-13/ST-3467.1-13) to this Standard.

5.3.2. Employee’s Competencies are characterized by the necessary indicators demonstrated by Employee, including the behavioral indicators shown in Table 1.

5.3.3. The level of development of Competencies of Employee from Level 1 to 4 as specified in Table 2 should correspond to the level in the HSE Competency Matrix (KMG-F-3468.1-13/ST-3467.1-13) to this Standard.

5.3.4. If there are gaps in the Competencies, Employee is recommended to have training to improve and develop the Competencies.

5.3.5. Employee is trained to develop and improve Competencies in accordance with the approved IDP, Rules for the Training and Development of Employees of JSC NC “KazMunayGas” (KMG-PR-434.8-6) and other internal documents of KMG Group of Companies.

5.3.6. As part of the MS implementation and maintenance, Employees have training pursuant to Special Training Programs (Modules) as agreed with the Responsible Unit Supervising Employee Development and Training Process.

* 1. **KMG Organization Levels (Job Groups)**

5.4.1. KMG Group of Companies identifies job groups to match the HSE Competency Levels and indicates them in the HSE Competency Matrix (KMG-F-3468.1-13/ ST-3467.1-13) to this Standard.

5.4.1.1. **KMG Corporate Level**

1. KMG Board of Directors – Members of the Board of Directors;
2. KMG Management (CEO) **–** Chairman and Members of the Management Board;
3. Business/Division Manager – Deputy Chairman of the Management Board;
4. Business Unit (BU) Management – Managing Director for the relevant area of operation;
5. Business Unit Manager;

HSE Block

1. HSE Block Managing Director/Comanaging Director;
2. HSE Department Director;
3. HSE Department Deputy Director;
4. HSE Department Leading Specialist/Expert;
5. HSE Department Chief Specialist/Specialist.

5.4.1.2. **Organizational level of KMG Group of Companies**

1. Chief Executive Officer – directors general, directors of regional production structural units or branches, bases or representative offices;
2. Chief Operations Officer – deputy directors general, deputy directors of regional production structural units or branches, bases or representative offices, technical directors, chief engineers;
3. Line Manager (1) – managers of structural units, workshop supervisors;
4. Line Manager (2) – site supervisors (chief geologists, chief mechanics, chief power engineers);
5. Group or Team Manager – a mentor or a foreman;
6. Specialist – a skilled specialist (engineer, operator, power engineer, mechanic, etc.);
7. HSE Service
8. Manager/Director;
9. Department Deputy/Manager;
10. Leading Specialist/Expert (Leading Engineer/Engineer);
11. Chief Specialist/Specialist.
12. **DOCUMENT REFERENCES**

This Standard uses the following documents:

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| 1. | Resolution of the Management Board of JSC NC “KazMunayGas” dated July 15, 2019, Minutes No. 27 | HSE Policy of JSC NC “KazMunayGas” |
| 2. | Version 1 | Guidance for HSE Management System in KMG Group of Companies |
| 3. | KMG-PR-434.8-6 | Rules for Training and Development of Employees of JSC NC “KazMunayGas” |
| 4. | Resolution of the Management Board of JSC NC “KazMunayGas” dated November 30, 2016 Minutes No. 45 | Standard Model of Personal and Professional Competencies of CEO, Executive and Administrative Personnel of Group of Companies of JSC NC “KazMunayGas” |

1. **RECORD FORMS**

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| 1. | KMG-F-3468.1-13/ ST-3467.1-13 | Requirements and Criteria for HSE Competencies  |
| 2. | KMG-F-3469.1-13/ ST-3467.1-13 | HSE Competency Matrix in KMG Group of Companies |