**1. PURPOSE AND GENERAL PROVISIONS**

1.1. These KazMunayGas Group Regulations on the Application of Qorgau Card (hereinafter the Regulations) set out the procedure for identifying and reporting an unsafe condition / unsafe behaviour / unsafe action / hazardous event / hazardous factor, as well as improving the health, safety and environment system at the KMG Group.

1.2. The purposes of these Regulations are:

- improving the safety culture at the KMG Group through application of Qorgau card;

- preventing accidents and occupational injuries in order to manage health, safety and environment risks;

- involving employees and contractors in the process of Qorgau card application.

**2. SCOPE OF APPLICATION**

2.1. These Regulations apply to all employees of the KMG Group and contractors staying in the territory of the KMG Group’s facilities.

2.2. The KMG Group may apply the Regulations in accordance with the established procedure by developing and approving similar regulations or harmonising the internal regulations of an organisation in line with these Rules. For this purpose, the requirements provided for by these Regulations shall not be lowered in similar regulations and internal documents of the organisation.

**3. TERMS AND ABBREVIATIONS**

For the purpose of these Regulations, the following terms and abbreviations are used:

**Qorgau card administrator** – an employee of the HSE Unit / HSE Service

whose job duties include coordination of Qorgau card application;

**HSE Unit** – KMG’s Health, Safety and Environment Unit;

**KMG Group** – KMG and legal entities with fifty or more percent of voting shares (interests) directly or indirectly owned or trust managed by KMG, as well as legal entities directly controlled by KMG;

**HRD** – KMG’s Human Resources Department;

**Qorgau card instructor** – an appointed employee of the HSE Unit / HSE Service who is in charge of Qorgau card application trainings and has completed his/her instructor training for Qorgau card application;

**HR Service** – a business unit in charge of personnel management in the KMG Group or an employee in charge of personnel management if there is no such business unit;

**corrective action** – an activity aimed at elimination of the cause of a nonconformity;

**Qorgau Card Committee** – the KMG Group’s advisory board coordinating the issues of Qorgau card application; the Qorgau Card Committee’s composition and operational procedure are set out herein;

observer – the KMG Group’s employee(s) and a contractor’s representative(s) who has (have) been trained in Qorgau card application (observer course);

observation – purposeful and consistent perception of actions when the observer records the results of such perception;

unsafe action – an employee’s action or omission resulting in a risk of injury to the employee himself/herself or people nearby, damage to the environment or the KMG Group’s property;

**unsafe behaviour** – any observed action or omission (intended or accidental) behind the unsafe actions of an employee or a contractor, for example, negative attitudes and motives;

**unsafe condition** – any condition that might potentially result in an incident;

**facility** – an element of the KMG Group’s production site;

**hazardous event** – any work-related incident in which no one is injured, and no damage is caused to the environment or the KMG Group’s property, but which could have potentially caused a significant damage;

**hazardous factor** – a source or a situation that may potentially cause damage resulting in temporary or permanent disability, occupational injury, occupational disease or death;

supervisor **–** an individual appointed by the management/contractor order as a supervisor in charge of work;

HSE – health, safety and environment (for the purpose of these Regulations);

contractor – an individual, a legal entity or a temporary association of legal entities (consortium) performing work at the KMG Group’s facilities under the signed contract;

**preventive action** – an activity aimed at elimination of the potential cause of a nonconformity;

**incident** – any unplanned event occurring at the KMG Group’s facilities that results or may result in damage to employees’ health or the environment, shut-down of oil production and transportation process, financial damage to the KMG Group or any other negative consequences;

employee – an individual employed by the KMG Group and working under an employment contract;

work place – a place, where an employee stays temporarily or permanently to perform his/her duties during work;

**Qorgau card registrar** – an employee of the HSE Unit / HSE Service who is in charge of timely registration and accounting of Qorgau card and has been trained in Qorgau card application;

**KMG’s management (executives)** – the Chairman and members of the Management Board;

HSE Service – a business unit responsible for coordination of work and production (internal) control over health, safety, environment, fire safety and transport safety;

**good practice** – a method/approach, process, practice or model behaviour exceeding the standard practice and demonstrating its efficiency in achieving excellent results in HSE or contributing to HSE improvement;

**Qorgau EDB** – Qorgau electronic database located at KMG’s corporate information portal.

 **4. RESPONSIBILITY**

4.1. **The Managing Director of KMG’s HSE Unit:**

1) manages the process and ensures implementation, operation, use and improvement of the Qorgau card application system at the KMG Group;

2) ensures preparation of a regular report to the Chairman of KMG’s Management Board on the results of implementation, operation, use and improvement of the Qorgau card application system at the KMG Group;

3) contributes to the formation of a safety culture at the KMG Group.

4.2. **The Chief Executive Officer at the KMG Group**:

1) demonstrates leadership and personal commitment to the HSE requirements;

2) provides necessary financial resources to maintain effective operation and continual improvement of the HSE monitoring process;

3) acts as the chairman of the commission for quarterly awards and participates in all awards ceremonies.

4.3. The deputy CEOs and managing directors of the KMG Group:

1) demonstrate leadership and personal commitment to the HSE requirements;

2) distribute necessary financial resources to maintain effective operation and continual improvement of the HSE monitoring process.

4.4. **The heads of all business units:**

1) ensure Qorgau card is introduced and applied in their business units;

2) ensure that timely and effective corrective and preventive actions are taken in response to unsafe conditions / unsafe behaviour / unsafe actions / hazardous events / hazardous factors;

3) ensure that quarterly reports on Qorgau card activities are submitted to the HSE Unit;

4) communicate the causes of unsafe condition / unsafe behaviour / unsafe action / hazardous event / hazardous factor to the employees of their business units.

4.5. **The Qorgau Card Committee:**

1) invites employees of business units to attend the Qorgau Card Committee’s meetings and provides special information and advisory support on the agenda items;

2) regularly analyses Qorgau cards with significant observations and the cards that identify general problems and trends; analyses unsafe conditions / unsafe behaviour / unsafe actions / hazardous events / hazardous factors;

3) ensures that suggestions and initiatives aimed at HSE improvement are developed and implemented;

4) upon approval by the corresponding head, appoints persons in charge of corrective and preventive actions and establishment of deadlines for elimination of the main causes of unsafe condition / unsafe behaviour / unsafe action / hazardous event / hazardous factor;

5) monitors corrective actions and continuously assesses the efficiency of the activities implemented;

6) ensures continuous interaction with the employees and discusses the principles for stopping unsafe operations, instructions for completing Qorgau card and information processing;

7) posts information on its performance, achievements, best observations, etc. in the field of HSE on the information boards;

8) participates in awarding the employees who have actively applied Qorgau cards and completed Qorgau cards with significant observations and suggestions.

4.6. **The HSE Service is in charge of:**

1) introduction and application of Qorgau card;

2) timely preparation of materials for awarding observers and contractor’s representatives with Uzdik Qorgau Kartasy certificates at the KMG’s Group headquarters;

3) holding of quarterly awards ceremonies under the Qorgau card programme;

4) timely provision of information requested by the HRD / personnel services for bonus payments to the employees awarded with Uzdik Qorgau Kartasy certificates.

4.7. **The Qorgau card administrator:**

1) daily collects completed Qorgau cards and ensures that Qorgau card blank forms are always available in the boxes;

2) coordinates, promotes and supports Qorgau card application;

3) verifies each observation to confirm or dispose of potentially hazardous situations;

4) monitors implementation of corrective and preventive actions and coordinates the Qorgau Card Committee’s work;

5) ensures that immediate corrective and preventive actions are taken by the observer, and the person in charge of the facility is notified for further corrective and preventive actions to be taken, if necessary, so that the identified unsafe condition / unsafe behaviour / unsafe action / hazardous event / hazardous factor could be addressed in a timely and effective manner;

6) reports on each unsafe condition / unsafe behaviour / unsafe action / hazardous event / hazardous factor to the heads of business units;

7) reports to employees of business units on the Qorgau Card Committee’s performance and Qorgau card application results by posting information on the information boards;

8) provides methodological support for Qorgau card implementation and application, controls corrective and preventive actions, analyses identified unsafe conditions / unsafe behaviour / unsafe actions / hazardous events / hazardous factors;

9) reviews the observations within his/her responsibility, immediate corrective and preventive actions and work suspension applied by the observer to identify whether any additional action is required to eliminate the risks and prevent their recurrence. If necessary, verifies each observation to confirm/dispose of classification as an unsafe condition / unsafe behaviour / unsafe action / hazardous event / hazardous factor.

4.8. **Observers**:

1) make observations and complete Qorgau card;

2) suspend work, take immediate corrective and preventive actions and immediately report the identified unsafe condition / unsafe behaviour / unsafe action / hazardous event / hazardous factor to the responsible persons / contractor and the responsible employee of the HSE Unit / HSE Service;

3) make suggestions for improvement of the HSE system;

4) receive training in Qorgau card application.

4.9.The administrative department is responsible for preparation of Uzdik Qorgau Kartasy certificates.

**5.** QORGAU CARD APPLICATION PROCEDURE

**5.1.** Qorgau card application principles

5.1.1. Each employee of the KMG Group and contractor representative shall stop the work if any nonconformity with the HSE requirements is identified.

5.1.2. If anyone is found to be violating the HSE requirements, it is prohibited to:

1) indicate certain persons in Qorgau card;

2) use the information specified in Qorgau card to blame / bring to responsibility any employee or business unit, except where any laws of the Republic of Kazakhstan are violated;

3) allow confrontation or look for a party to criticise.

**5.2. Qorgau card application** training

5.2.1. The HSE Unit develops materials for Qorgau card application training that comprise training materials for all employees of the KMG Group and contractor representatives (observer course) and separate training materials for Qorgau card instructors (instructor course).

5.2.2. Qorgau card application training is delivered by the HSE Service at the KMG Group’s headquarters.

5.2.3. An employee of the HSE Unit / HSE Service appointed as a Qorgau card instructor must receive corresponding training at the HSE Unit / HSE Service.

Further on, the Qorgau card instructor may train employees (observers) of the business units where he/she works, as well as contractor representatives. Qorgau card instructors develop a training plan and maintain a list of employees in all business units and contractor representatives that have been trained.

5.2.4. Each employee of the KMG Group and all contractor representatives, including new ones, should read and understand these Regulations during their safety induction and work place briefing.

Qorgau card application should be covered by the safety induction programmes and work place briefing for the KMG Group’s employees and contractors.

5.2.5. The Qorgau card administrator coordinates the training process and determines whether employees or contractor representatives need refresher courses.

**5.3. Key stages of Qorgau card application**

Qorgau card application includes the following key stages detailed below:

1) observation;

2) intervention;

3) Qorgau card registration and processing;

4) development of corrective and preventive actions.

**5.4. Observation**

For the purposes of safety culture improvement and engagement of each employee of the KMG Group and contractor representatives in conscious and voluntary compliance with the HSE requirements, observers demonstrate leadership and commitment by visiting KMG’s facilities and making observations in compliance with the Qorgau card completion frequency specified in Appendix 1 hereto.

**5.5. Intervention**

5.5.1. If an unsafe condition / unsafe behaviour / unsafe action / hazardous event / hazardous factor is identified, an employee should immediately suspend the work and eliminate the risk whenever possible.

5.5.2. If a hazardous factor / unsafe condition is identified, it must be eliminated whenever possible. If a hazardous factor / unsafe condition cannot be eliminated or if there is a possibly high risk for the personnel, the work should be stopped and the facility, when possible, should be isolated.

5.5.3. If an unsafe action / unsafe behaviour is identified, the observer should stop the work and discuss the situation with the observed person (in safe conditions), explain the risks and possible consequences of such unsafe action / unsafe behaviour, recommend the necessary corrective and preventive measures and ensure that the measures have been taken and the work is continued in a safe manner.

5.5.4. If a hazardous event is identified, the observer should immediately implement corrective and preventive measures to eliminate further risks whenever possible, or isolate the facility.

5.5.5. If any events specified in clauses 5.5.1-5.5.4 hereof occur, the observer should report on the events to the facility’s manager or the Qorgau card administrator and complete Qorgau card as per the form (KMG-F-3558.1-57/RG-3537.1-57) attached hereto without adding any information on the non-complying person’s identity.

5.5.6. If a good practice is observed, the completed Qorgau card should include the positive feedback and specify the employee/group/team performing the work at the facility.

**5.6. Qorgau card registration and processing**

5.6.1. Qorgau card can be completed in Kazakh or Russian using either a paper or electronic form in the Qorgau EDB.

The instructions for Qorgau card completion are given in the form (KMG-F-3559.1-57/RG-3537.1-57) attached hereto. More detailed instructions are given during the Qorgau card application training.

5.6.2. In compliance with the Qorgau card application principles, when the card is being completed, only the name of the business unit or the contractor that was observed should be specified therein.

5.6.3. Qorgau card blank forms are placed in special boxes installed in shared areas (“wall pockets”).

5.6.4. The boxes for Qorgau card blank forms and completed Qorgau cards are manufactured as per the form (KMG-F-3560.1-57/RG-3537.1-57) attached hereto.

5.6.5. Electronic Qorgau card should be emailed to qorgau@ …KMG Group’s domain.

5.6.6. Qorgau card is used for making suggestions regarding HSE improvement that are reviewed during the Qorgau Card Committee’s meetings.

5.6.7. An observer can attach photographs, diagrams or other data to Qorgau card if they facilitate understanding of the observation/suggestion.

5.6.8. Qorgau card should be completed only in relation to HSE issues.

5.6.9. The Qorgau card administrator is responsible for daily collection of completed Qorgau cards and should ensure that there is a sufficient amount of Qorgau card forms in the wall pockets.

5.6.10. Qorgau cards submitted on paper and electronically are registered by the Qorgau card registrar in the Qorgau EDB, while Qorgau card submitted on paper must be uploaded in PDF format with an identification number assigned thereto.

5.6.11. The Qorgau card administrator reviews completed Qorgau cards to verify that the immediate actions taken are appropriate and sufficient and, whenever necessary, determines additional corrective and preventive actions and responsible persons.

5.6.12. Any observation, including that of a good practice, should be verified by the Qorgau card administrator.

5.6.13. After receiving information from an observer, the Qorgau card administrator performs an initial assessment and classifies the event as an unsafe condition / unsafe behaviour / unsafe action / hazardous event / hazardous factor. The assessment is made on the basis of the information provided in Qorgau card.

5.6.14. If the event cannot be classified as an incident, the Qorgau card administrator should send feedback to the observer and clarify the reasons.

5.6.15. At the spot of an incident, each employee of the KMG Group and contractor representative should immediately suspend the operations, clarify why the operations were performed unsafely, and ensure that corresponding HSE measures are implemented.

**5.7. Development of corrective and preventive actions**

5.7.1. The Qorgau card administrator and employees of the business unit where an unsafe condition / unsafe behaviour / unsafe action / hazardous event / hazardous factor, which can be a prerequisite to an accident, is identified should analyse the causes, severity and level of impact on health, safety and environment.

5.7.2. Corrective and preventive actions should be developed so that such actions, when implemented, would eliminate the cause of such unsafe condition / unsafe behaviour / unsafe action / hazardous event / hazardous factor, including other business units, or would mitigate the consequences.

5.7.3. If implementation of corrective and preventive actions requires the participation of contractors, an employee in charge of the site where the unsafe condition / unsafe behaviour / unsafe action / hazardous event / hazardous factor was identified should be appointed as a person responsible for status monitoring and closure (implementation) of the actions in the Qorgau EDB. The responsible person, together with the contractor’s representative, should ensure that the required actions are implemented in full scope and are sufficient to eliminate the cause of the incident and prevent its recurrence.

5.7.4. If the identified unsafe condition / unsafe behaviour / unsafe action / hazardous event / hazardous factor cannot be eliminated or the suggestion cannot be implemented without support or cannot be controlled by observers, such observations should be addressed to the HSE Unit’s / HSE Service’s responsible employee who, in his/her turn, also develops corrective and preventive actions and ensures that they are implemented.

5.7.5. Coordination of the control over the deadlines for corrective and preventive actions and timely entry of corresponding information in Qorgau card in the Qorgau EDB should be performed through KMG’s corporate information portal by the Qorgau card administrator.

5.7.6. The Qorgau card registrars and persons responsible for corrective and preventive actions should regularly monitor actions in the Qorgau EDB and ensure that they are implemented in a timely and effective manner and the control card is closed in the Qorgau EDB, and should attach documents to each completed action to confirm the implementation.

**5.8. Qorgau Card Committee**

5.8.1. For the purpose of identifying the general trends and establishing the priority issues requiring comprehensive measures and introduction of a good practice, as well as for performing quarterly analysis of Qorgau card data, the KMG Group establishes Qorgau Card Committees. The Committees’ members are approved by order of the CEO or his/her deputy (in agreement with the HSE Unit).

5.8.2. The KMG Group’s Qorgau Card Committees comprise a chairman and members of Committees. The Qorgau Card Committee also includes a secretary (without voting right).

5.8.3. The Qorgau Card Committee:

1) identifies the main causes of unsafe conditions / unsafe behaviour / unsafe actions / hazardous events / hazardous factors to avoid their recurrence and performs efficiency reviews of the implemented corrective and preventive actions;

2) assesses the feasibility and effectiveness of employees’ suggestions and initiatives for improvement of the HSE system and makes a decision on implementation of such suggestions and initiatives in work practices;

3) selects the best observer to be awarded with an Uzdik Qorgau Kartasy certificate;

4) encourages employees and contractors to make observations and apply Qorgau card.

5.8.4. The Secretary of the Qorgau Card Committee:

1) keeps minutes of the Qorgau Card Committee’s meetings and uploads the minutes to the Qorgau EDB;

2) monitors implementation of the Qorgau Card Committee’s resolutions;

3) informs employees about the Qorgau Card Committee’s performance;

4) as instructed by the Qorgau Card Committee, designs and issues bulletins, posters and signs to be posted on the information boards.

**5.9. Incentives**

5.9.1. To encourage Qorgau card application by employees, quarterly incentives are arranged by awarding Uzdik Qorgau Kartasy certificates. The employees awarded with Uzdik Qorgau Kartasy certificates may also receive valuable and/or image gifts (if there are funds budgeted for these purposes by the KMG Group).

5.9.2. The awarding of employees with Uzdik Qorgau Kartasy certificates is arranged by the HSE Unit / HSE Service. Corresponding employee lists should be submitted to the HRD / personnel services for further issue of award orders.

5.9.3. The assessment system specified in the form (KMG-F-3561.1-57/RG-3537.1-57) attached hereto is used to select the best observer to be awarded with the Uzdik Qorgau Kartasy certificate.

5.9.4. The administrative department ensures preparation of Uzdik Qorgau Kartasy certificates. The Uzdik Qorgau Kartasy certificate is made typographically as per the form (KMG-F-3562.1-57/RG-3537.1-57) attached hereto.

5.9.5. The text of the Uzdik Qorgau Kartasy certificate should be in Kazakh and, whenever necessary, in Russian, Times New Roman font, size 14, line space 1.

**5.10. Criteria for incentive eligibility**

When selecting the best observer to be awarded with an Uzdik Qorgau Kartasy certificate in each category, the following should be taken into consideration:

1) the frequency and number of Qorgau cards completed by an employee;

2) the complete description of a potential hazard(s) for an employee(s) identified during the observation;

3) identification of an unsafe condition / unsafe behaviour / unsafe action / hazardous event / hazardous factor by the observer;

4) elimination of the identified unsafe condition / unsafe behaviour / unsafe action / hazardous event / hazardous factor by the observer and the measures taken to prevent its recurrence;

5) equipment/tools used for elimination of the unsafe condition / unsafe behaviour / unsafe action / hazardous event / hazardous factor;

6) a good practice improving safety at work places and suggestions for continual improvement of the safety culture among the employees.

**Award categories**

|  |  |
| --- | --- |
| Best HSE Card  | Observation of a hazardous factor or unsafe behaviour with a high probability and severity of consequences. An observer’s intervention and immediate corrective measures should eliminate the risk.  |
| Best Observation of a Hazardous Factor  |  Potential severity of possible consequences of the observed hazardous factor (in particular, potential damage to people, the environment or the KMG Group’s property or reputation); The observer should intervene to eliminate the hazardous factor and mitigate the risk; such intervention should be positive in its nature;  The observed operations/site and the actions taken to eliminate/control the hazardous factor should not be within the observer’s duties.  |
| Best Observation of Unsafe Behaviour  |  Potential hazard of the observed unsafe action/behaviour and possible consequences (in particular, potential damage to people, the environment or the KMG Group’s property or reputation);  The observer should intervene, talk to the observed person, explain the existing risks and possible consequences and ensure that the corrective actions have been implemented and the operations continue in compliance with the safety rules;  The observed operations/site and the actions taken to eliminate/control the hazardous factor should not be within the observer’s duties.  |
| Best Innovative HSE Suggestion  | Best employee suggestion or innovation implemented in activities of the facility/department or KMG Group. The selection is based on the following criteria:  novelty and originality of the idea;  its feasibility and viability;  degree of impact on the HSE indicators.  |
| A near miss incident reported on in a HSE card  |  Quantity of near miss reports submitted by the candidate during the quarter;  Potential severity of the near miss incident (in particular, potential damage to people, the environment or the KMG Group’s property or reputation);  The observer’s intervention, whenever possible.  |

**5.11. Award procedure and incentive rates**

5.11.1. Observers are awarded with Uzdik Qorgau Kartasy certificates at their work places and in presence of the team:

1) in the headquarters – by the CEO or his/her deputy;

2) in a contracting company – by the contractor’s CEO or his/her deputy.

5.11.2. Valuable gifts are given to the employees and contractors awarded with Uzdik Qorgau Kartasy certificates on the basis of the CEO’s or his/her deputy’s order provided that there are funds budgeted for these purposes by the KMG Group, while the employees and contractor representatives ranking second and third are awarded with image gifts.

5.11.3. Upon receiving a corresponding request from the HSE Service, the personnel service is responsible for planning the KMG Group’s budget for the gifts given to the employees and contractor representatives awarded with Uzdik Qorgau Kartasy certificates.

**5.12. Publicity of award ceremonies**

The information about the observer awarded with an Uzdik Qorgau Kartasy certificate is distributed within the KMG Group through:

1) publishing the information on the KMG Group’s corporate website and information boards;

2) email distribution.

 **6. REFERENCES**

|  |  |
| --- | --- |
| No. 414-V dated 23.11.2015 | Labour Code of the Republic of Kazakhstan |
| Minutes No. 20 of KMG’s Management Board dated 24.05.2016 | Health, Safety and Environment Policy of JSC NC “KazMunayGas” |
| Minutes No. 54/1 of KMG’s Management Board dated 30.10.2015 | Health and Safety Code of JSC National Company “KazMunayGas” Employees — Golden Rules |

**7. RECORD FORMS**

|  |  |
| --- | --- |
| KMG-F-3557.1-57/RG-3537.1-57 | Frequency of Qorgau Card Completion |
| KMG-F-3558.1-57/RG-3537.1-57 | Qorgau Card Form  |
| KMG-F-3559.1-57/RG-3537.1-57 | Instructions for Qorgau Card Completion |
| KMG-F-3560.1-57/RG-3537.1-57 | Design of the Qorgau Card Blank Form Box and the Box for Collection of Completed Qorgau Cards |
| KMG-F-3561.1-57/RG-3537.1-57 | Assessment Sheet to Select the Best Observer to Be Awarded with Uzdik Qorgau Kartasy Certificate |
| KMG-F-3562.1-57/RG-3537.1-57 | Uzdik Qorgau Kartasy Certificate Form |