

APPROVED BY

by the Minutes of the Extraordinary General Meeting
of Limited Liability Company
Thyssen Schachtbau EuroChem Drilling
of 07.04.2017

P O L I C Y
of Limited Liability Company
Thyssen Schachtbau EuroChem Drilling
REGARDING OCCUPATIONAL HEALTH,
INDUSTRIAL SAFETY AND
ENVIRONMENTAL PROTECTION

Kotelnikovo

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I. INTRODUCTION

Limited Liability Company **Thyssen Schachtbau EuroChem Drilling** (hereinafter, the "**Company**") shall conduct its business ensuring that actions of its Employees (as defined below) are in the best interests of the Company, avoiding any activity that could interfere with their responsibilities or obligations to the Company. Employees shall protect the legitimate interests of the Company by fulfilling their professional, contractual and statutory responsibilities and obligations in a proper way.

The Policy Regarding Occupational Health, Industrial Safety and Environmental Protection (hereinafter, the "**Policy**") shall be an integral part of the Company's Code of Conduct and is an evident extension of Section 14 of the Code. The Policy shall describe in detail the basic principles and rules to be observed by all Employees of the Company (hereinafter, the Company) in order to minimise any risks and consequences in the area of occupational health, industrial safety and environmental protection (HSE) associated with the current and scheduled operations of the Company.

The Policy shall also specify restrictions and prohibitions, as well as preventive measures that should be followed consistently by every Employee of the Company.

The scope and content of this Policy may be further amended. This Policy shall provide a general analysis of the applicable rules of law; consideration of an individual transaction may require special advice or clarification.

1. DEFINITIONS

- 1.1. **"Employee"** shall mean officials, directors or Employees of the Company.
- 1.2. **"HSE laws and regulations"** shall mean any laws and regulations relating to:
 - occupational health and safety precautions;
 - public health and safety;
 - environmental pollution, harm or protection.
- 1.3. **"Compliance Specialist"** shall mean an Employee of the Company who is responsible for ensuring strict compliance with the compliance policies (including this Policy).
- 1.4. **"Training"** shall mean regular training of all Employees to apply this Policy (may be held by in-house lawyers or professionals of any internationally recognised legal or consulting firm with significant experience).
- 1.5. **"Director"** shall mean an Employee of the Company under an employment agreement or otherwise who (i) exercises control and management of the Company, (ii) acts as the sole executive body, (iii) maintains all daily business affairs of the Company, or any permitted successor or representative of the Employee.

2. PURPOSE

- 2.1 The purpose of the Policy shall be to ensure safety of the Employees and protection of the environment; the Policy identifies the following priorities:
 - to prevent injuries, accidents and occupational diseases;
 - to diminish the impact on the environment;
 - to manage natural resources in a rational way.
- 2.2 The Policy shall define the minimum expectations of the Company relating to the management of occupational health, industrial safety and environmental protection, and formulate the Company's approach in relation to:
 - compliance with applicable legal norms, standards and other requirements;
 - continuous improvement of HSE performance;
 - HSE risk management;
 - regular HSE training;
 - regular reports on compliance with the Policy.

3. APPLICATION

- 3.1 The Company shall apply the Policy and implement the same in all areas of its business practices.
- 3.2 The Company shall introduce standards or policies similar to the Policy in its business practices.
- 3.3 All Employees shall comply with the Policy and shall be guided by the same in their business practice.

II. REGULATORY COMPLIANCE

4. GENERAL PRINCIPLES

- 4.1 The Company shall maintain this Policy to ensure compliance with the following commitments:
 - to create safe jobs;

- to implement programs and projects aimed at prevention of work-related injuries, accidents and occupational diseases;
 - to continuously reduce emissions, waste water discharges and solid waste as well as to reduce consumption of water, heat, and electricity;
 - to effectively interact with the Employees, contractors, suppliers, government agencies, local authorities, trade unions, media and non-governmental organisations on the HSE issues;
 - to comply with applicable laws and regulations.
- 4.2 Employees are required to report any actual or potential violation of the applicable HSE laws and regulations as soon as they become aware thereof, as well as to refrain from any action leading to a breach of the applicable HSE laws and regulations.
- 4.3 The Company's Employees and Contractors shall be regularly informed about the actual Policy amendments and changes in HSE laws, regulations and standards.
- 4.4 If there are any discrepancies between the above principles and any business requirements, the principles set forth herein shall prevail.

5. RESPONSIBILITIES OF MANAGEMENT

5.1 The Director shall:

- be an example in compliance with the HSE requirements both within and outside working hours; encourage and acknowledge the HSE leadership and commitment among the Employees;
- allocate resources necessary to ensure safety of the Employees and the environmental protection;
- initiate changes aimed at preventing injuries, illnesses and accidents, as well as at improving the Employees' working conditions;
- ensure implementation of the Company's goals and objectives in the field of occupational health, industrial safety and environmental protection, as well as performance of manufacturing and financial plans;
- arrange for collaboration with other business units to implement common HSE goals and objectives;
- assess the HSE risks and implement action plans to minimise the same;
- arrange for HSE training, checking the knowledge and awareness; share experience and information in the field of occupational health, industrial safety and environmental protection with other entities and operational units of the Company;
- hold in-house HSE inspections;
- organise exercises and trainings in emergency planning and preparedness;
- provide a sufficient quantity and proper operating condition of collective protective equipment.

5.2 The Director shall ensure that each workplace and office:

- is assessed in terms of threats to safety of personnel;
- is equipped in accordance with the safety requirements;
- is taken into account in emergency preparedness plans;
- is linked to the collective protective equipment;
- is kept clean and in good order.

5.3 With regard to processes, plant and equipment, the Director shall:

- assess the risks associated with processes, plant and equipment, using effective measuring and monitoring tools;

- develop and implement action plans aimed at risk minimisation;
- ensure, where necessary, implementation of safety measures applicable to high risk professional tasks, in addition to the requirements of law;
- implement HSE action plans in the course of maintenance and repair works;
- maintain the collective protective equipment in proper operating condition;
- ensure the use of only certified tools and instruments.

5.4 In relations with contractors the Director shall:

- assess any risks associated with any services provided by contractors;
- develop and implement action plans aimed at minimisation of contractor-related risks;
- make sure that every contractor has an in-house designated manager responsible for ensuring compliance with the applicable HSE laws and regulations and implementation of production tasks;
- monitor and supervise the contractors' compliance with the applicable HSE laws and regulations;
- suspend any contractors who violate the applicable HSE laws and regulations, including those relating to the prohibition to drink alcohol and to take illegal substances;
- provide for purchase of only those goods and services that meet mandatory and other applicable HSE laws and regulations; any purchase of goods or services that reduce the safety level is strictly prohibited.

6. RESPONSIBILITIES OF EMPLOYEES

6.1 Employees shall:

- be informed and comply with all applicable provisions of the HSE laws and regulations;
- demonstrate a caring and respectful attitude towards all other Employees, especially in safety matters;
- participate in programs and projects aimed at accident prevention and environmental protection;
- be able to use any individual and collective protective equipment, comply with occupational health requirements and guarantee the absence of alcohol and prohibited substances at workplace;
- report all accidents and significant violations of the applicable HSE laws and regulations to the compliance specialist.

7. OBLIGATIONS OF CONTRACTORS

7.1 Contractors shall be informed of the Policy and its provisions and are required, under the agreements signed, to notify the Company of any potential HSE risks or consequences arising from or in connection with the agreements signed with them.

7.2 For the purpose of the Policy, the Contractors are required, under the agreements signed, to ensure fulfilment of their contractual obligations, providing a reasonable minimum level of HSE-related risks and consequences.

7.3 In case of intentional violation of the Policy provisions by contractors, the Company reserves the right to terminate an agreement with a contractor, who violated the contractual terms, for reason of the said violation or to take other reasonable measures to protect its legitimate rights and interests.

8. ENVIRONMENTAL PROTECTION

8.1 The Director shall ensure, on behalf of the Company:

- to hold an environmental impact assessment in the process of design, construction and operation of production facilities;

- to develop and implement action plans aimed at minimisation of environmental risks;
- to make available the objective information about harmful air emissions, waste water discharges into water bodies, waste disposal, as well as raw material and final product safety;
- to implement programs for reduction of harmful emissions (waste water and solid waste);
- to continuously reduce consumption of water, heat, and electricity;
- to continuously increase the amount of recyclable waste.

9. NON-COMPLIANCE

- 9.1 The Employees shall promptly (not later than the day following the identification), using any means of communication, report to their immediate supervisor or the Director, or to the Compliance Specialist on:
- all incidents or accidents and also on any circumstances that may potentially result in incidents or accidents;
 - any possible violations of the applicable HSE laws and regulations;
 - any possible violations of the applicable HSE laws and regulations committed by a certain Employee, other Employees or contractors.
- 9.2 Upon receipt of information about any actual or potential incidents, accidents or violations of the applicable HSE laws and regulations reported by the Employee pursuant to paragraph 9.1 above, the relevant Director or Compliance Specialist shall objectively assess and initiate investigation of the situation reported by the Employee.
- 9.3 During the investigation of an incident, accident or any circumstances that could potentially lead to an incident or accident, the Director shall:
- ensure that no work-related injuries are concealed or transferred to the category of "injuries not related to work";
 - investigate incidents and accidents proceeding from the worst scenarios of their development;
 - ensure the causal analysis in the process of investigation; "employee's personal negligence" may not be accepted as a sole cause for an incident or accident;
 - document every investigation stage; the investigation shall result in an appropriate report and corrective action plan; findings of the investigation shall be brought to notice of all relevant Employees.
- 9.4 If the Employee knowingly or deliberately commits any action resulting in an incident or accident or in a breach of the applicable HSE laws and regulations in violation of this Policy, the Company's Management shall immediately, upon consultation with the Compliance Specialist, terminate the employment relations with such Employee, which termination is to be processed in accordance with the applicable labour or corporate laws or regulations.
- 9.5 If the Employee intentionally fails to comply with this Policy provisions in terms of reporting requirements (as described herein), the Company's Management, upon consultation with the Compliance Specialist, shall have the right, in its sole discretion, either (i) to terminate employment relations with the Employee, who violated the contractual terms, or (ii) to impose disciplinary penalties on the said Employee, if such measures is provided for by the applicable labour or corporate laws or regulations.
- 9.6 The Policy shall be brought to the information of all Employees. All new Employees shall be informed of the Policy when signing an employment (or similar) agreement with the Company. By signing the employment (or similar) agreement (or amendments thereto), the Employees confirm that they have read, understood the content of the Policy and agree to comply herewith.

10. TRAINING

- 10.1 The Company shall hold training and educational sessions in application of the Policy for all Employees on a regular basis, but at least once every twelve months.
- 10.2 The Company's Management shall take additional training in their specific area of responsibility in order to assess and respond effectively to the HSE-related risks and consequences.
- 10.3 The Director shall determine the content of training in coordination with the Compliance Specialist.
- 10.4 The Compliance Specialist is required to ensure that Employees take the training in accordance with the provisions of paragraph 11.1 hereof.

11. IMPROVEMENT OF PERFORMANCE

- 11.1 In order to ensure continuous improvement of HSE performance, the Director shall:
 - determine and ensure implementation of the Company's goals and objectives in the field of occupational health, industrial safety and environmental protection, as well as performance of manufacturing and financial plans;
 - inform and engage Employees in participation in the HSE processes;
 - conduct the HSE training and ensure professional development by all Employees;
 - implement the necessary measures, in addition to the requirements of the laws (if required to guarantee safety);
 - identify, assess and minimise the HSE risks;
 - verify the Employees' performance and hold promotional activities based on KPIs;
 - perform safety checks;
 - document the HSE process and provide for their IT-based automation;
 - exercise change management with account of safety requirements;
 - communicate effectively with contractors, suppliers, government agencies, local authorities, trade unions, media, non-governmental organisations and other stakeholders on HSE issues.

III. POLICY MANAGEMENT

12. POLICY REVIEW

- 12.1 The Policy should be regularly reviewed by the Compliance Specialist, at least once every six months, to ensure that the Policy remains up-to-date and reflects any changes in the Company's operations and external factors affecting its business or after any amendments in the current laws, regulations and standards governing the management process for the HSE risks and consequences.

13. POLICY IMPLEMENTATION

- 13.1 The Management shall be liable for implementation of this Policy and its inclusion into the employee training program and related personnel policies and standards.

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