



HEALTH, SAFETY AND ENVIRONMENT MANAGEMENT PLAN

Supply of Operation and Maintenance Service for Batch Plant #4, Quarry Mine

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1.0. General Provision

Premium Concrete (PC) LLC's Health, Safety and Environment (HSE) policy is determined based on the Constitution of Mongolia, Laws on Labor, Laws on Labor Safety and Hygiene, Laws on Fire Safety, and other relevant legislations. The purpose of this policy is to comply with workplace health and safety standards and requirements to create and maintain a healthy and safe workplace for employees of PIE's Oyu Tolgoi Project who are working on supplying materials for a concrete batch plant to produce underground mining shotcrete and concrete mixture and operating a crushing plant and sand quarry to supply raw materials for the batch plant.

2.0. Scope

During the duration of their stay at the Oyu Tolgoi project field, all Premium Concrete employees must comply with the health and safety standards presented in this policy as well as with the HSE policy provided by Oyu Tolgoi.

3.0. Health, Safety and Environment Policy

3.1. Health policy

Ensure workplace well-being of all individual employees through prevention of physical and mental changes depending on chemical, physical and biological factors causing illness, and full or partial loss of working ability. All employees working on the project field will be regularly provided with health check-ups and training.

3.2. Safety policy

In order to create a safe and risk-free workplace without industrial accidents, the safety standards and regulations and regularly complete risk prevention methods such as daily toolbox meetings, TRACK, job hazard analysis (JHA), and risk assessments, CRM program for high-risk work and job, Critical control checklist (CCC), critical control verification (CCV) and critical control field verification shall be followed.

3.3. Environment policy

Premium Concrete LLC and its cooperating associates must comply with the environmental laws and regulations of OT when manufacturing construction materials and concrete aggregate. In addition to following the relevant laws and regulations, employees must aspire to fully achieve the goals and requirements at work to the best of their abilities.

3.4 HSE goal

- To prevent any occupational illnesses, acute poisoning, loss of working ability, and accidental injury
- To implement a HSE safety culture for all employees
- To create extensive involvement of all employees to abide by the HSE policy.
- To prevent any adverse effects on the environment

3.5 Oyu Tolgoi's HSE

- Implement and introduce the "Life Saving Rules and Essential Safety Practices" to all employees.
- To involve all employees in the required HSE training programs

- To complete TRACK, JHA and CRM program for high-risk work and job, Critical control checklist (CCC), critical control verification (CCV) and Critical control field verification (CCFV) for all operations.
- For operations that are assessed as hazardous, inform employees of hazard prevention methods.
- To comply with the standards of keeping a safe workplace
- To comply with the internal rules and regulations of the Oyu Tolgoi camp

3.6 Implementing and Improving HSE Policies

- Monitor and improve the HSE management.
- Inform employees of job risks and safety standards and instruct employees on the prevention of possible environmental and health effects.
- The equipment and machinery must be properly assembled, meet the requirements for work, and be utilized by an authorized operator.
- To identify the duties and responsibilities of all levels of employees
- To meet the requirements of a safe and hygienic workplace and environment laws
- To prevent occupational illnesses, a health check-up will be performed every 6-12 months on all employees.

4.0. HSE Activity Financing

No less than 1.5% of the annual budget of the Premium Concrete LLC shall be allocated for taking prevention measures against industrial accidents, acute poisoning and occupational disease.

5.0. HSE Requirements and Standards

5.1. Industrial buildings and facilities

5.1.1. Activities such as construction, extension and renovation of industrial facilities and buildings, and installation, testing and maintenance of equipment and machinery must be compliant with Mongolian labor safety and health requirements and OT procedures. The appointed personnel must oversee an assessment performed by a professional agency.

5.1.2. The owner and operator of industrial buildings and facilities by contract must:

- Follow and maintain the safety and hygiene requirements stated in the industrial health and safety policy.
- The use of toxic and hazardous substances, explosive substances and radio and bio active substances must be mutually informed and integrated actions to maintain labour safety and health. The guilty party is fully responsible for any damage that occurs due to non-communication.

5.2. Machinery and equipment

5.2.1. Machinery and equipment structures, models, movable parts, control & alarm systems, and other components (workplace, exit, stairway, fencing, and personal protective equipment) that are industrially hazardous and may be harmful to human health must be compliant with safety requirements. Machinery and equipment must have instruction manuals, safety instructions and technical passports that must be maintained during operation and maintenance.

5.2.2. After installation and maintenance, machinery and equipment must be inspected and certified by a designated professional inspection agency prior to resuming operation. Maintenance, service and

adjustments to machinery and equipment must be compliant, according to manufacturers' specifications as per the equipment manual.

5.2.3. Machinery and equipment must be transferred with their corresponding certificates and technical documents.

5.2.4. Electrical equipment must be equipped with control panels, alarm, cover, and other protection tools to prevent potential harm.

5.2.5. Electrical equipment must be assembled according to its original design; their grounding and grounding capacity must be certified by a professional agency to ensure power safety operational requirements.

5.3. Lifting, handling, and transporting mechanisms

5.3.1. Lifting, handling, and transporting mechanisms must be maintained accordingly. Technical inspection and relevant permits to use must be completed by and obtained from a professional agency.

5.3.2. Lifting, handling, and transporting mechanisms must be maintained, serviced, and calibrated within the warranty period as stated in the technical documents and by the authorized agency.

5.4. Pressure tank and pipeline.

5.4.1. To ensure the technical reliability of pressure tanks and pipelines, they must be measured, calibrated, and validated according to the relevant regulations, and an operating permit must be obtained before use. Proper operation procedures must be in place to ensure safety during long-period stoppage or storage.

5.4.2. Pressure tanks and pipelines must be equipped with accompanying distinguishable marks, preventative signs, and protective tools.

5.5. Handling toxic and hazardous chemical substances, explosive substances and devices, and radio and bio-active substances

5.5.1. The department handling toxic and hazardous chemical substances, explosive substances and devices, radio and bio-active substances for industrial use must keep records and notify the labor inspector and the relevant professional agency to prevent threats to the employee's life and health from its effects.

5.5.2. Employees handling toxic and hazardous chemical substances, explosive substances and devices, radio and bio-active substances must have proper knowledge and training on the adverse health effects of each substance and its prevention.

5.6. Informing hazards and accidents on the project field

5.6.1. In case of accidents on the work field:

- Inform the senior staff members and the HSE department.
- Call 9904-3333 and provide the company name, your name, your location and the location of the accident, and the gathering location.
- Provide detailed information of the accident, what type of assistance is needed, and the number to call back on.

5.6.2. In case of emergencies:

- If there are any accident or environmental disaster, gather at the designated point and provide emergency workers with your name, company, and company ID number.
- Assist the first responders.

5.7. Health check-up

5.7.1 All employees according to Appendix 1 of Resolution 340 issued 2014-10-20, Appendix 1 and 2 of resolution 212 issued 2013-06-10 and approved by the Minister of Health and Social Welfare are entitled to scheduled health check-ups.

5.7.2. Health screenings or scheduled check-up related costs must be included in the annual company budget and cooperation agreement.

5.7.3. New employees must have a health check-up prior to employment.

5.8. Supply of personal protective equipment (PPE)

5.8.1. The employer must provide employees with free workwear and personal protective equipment (PPE) suitable for their specific work condition. The employer must bear the costs associated with testing, purchasing, storing, cleaning, tailoring and disinfecting workwear and the PPE.

5.8.2. The type and duration of use of workwear and PPE must be produced by the HSE department and approved by the CEO.

5.8.3. Workwear and PPE quality must be evaluated by a professional agency when necessary. This does not apply to workwear and PPE manufactured according to international standards with quality assurance.

5.9. Labor safety and health and vocational training

5.9.1. The Premium Concrete HSE department and its senior officers shall organize the below trainings as specified in clauses 4.1.3, 4.1.4 and 4.1.5 of Appendix 1 of Resolution A/33 dated Feb 5, 2013, by the Minister of Labor

This includes:

- Training for all employees
- Training for new employees
- Training for transfer employees
- Training for senior staff members
- Using manual and electrical tools
- Fire Safety
- Driving Safe
- Confined Spaces
- Industrial accidents, occupational illnesses
- Lifting equipment, slings, shackles etc.

5.9.2 Training costs must be approved and included in the annual HSE budget.

5.10. HSE training for Oyu Tolgoi project:

5.10.1 Prior to operating on Oyu Tolgoi project field, all employees must take part in the following HSE training programs:

- Orientation
- General guidelines to follow.
- Isolation and the use of personal locks
- Critical risk management
- CRM training
- JHA and TRACK
- General HSE guidelines
- Confined Spaces

- Hot work
- Working at heights
- Crane and rigging
- Transportation vehicles and operation
- Other high-risk training

5.10.2 During the duration of work on the project field, all employees must comply with standards C1-C7, B1-B11, and E2-E10 and their rules and regulations, as well as comply with regulations that protect the individual's life and well-being.

6.0. Providing Comfortable Working Conditions for Premium Concrete LLC Employees

6.1. Employee rights:

- 6.1.1. To work in a place that meets labor safety and hygiene requirements.
- 6.1.2. To be covered by insurance for life, industrial accidents, acute poisoning, and occupational disease
- 6.1.3. To get accurate information about the workplace condition, risks that may harm health, and toxic and hazardous industrial factors.
- 6.1.4. To stop work and report to the employer if the HSE policy is violated and dangerous work environment is creating negative impact that may harm life and health.
- 6.1.5. To be involved in discussions regarding labor health and safety issues in person or through a representative

6.2. Employee obligations:

- 6.2.1. Strict compliance with the Health, Safety and Environment Policy's standards, regulations, and technological procedures.
- 6.2.2. To attend HSE training and take an exam if required by law; to receive safety instructions.
- 6.2.3. To take immediate actions as indicated in the safety regulations and procedures if an instance dangerous to life and death occurs in the workplace.
- 6.2.4. To protect their health and to be included in medical checks and testing.
- 6.2.5. To use work uniforms and PPE as required.
- 6.2.6. To carry out their work professionally and without accident; to take preventative action from accidents, acute poisonings; and to possess first aid skills in case of potential danger or accident.
- 6.2.7. Not cause harm to themselves and others.
- 6.2.8. To comply with the Health, Safety and Environment Policy set forth by the company.

7.0. Organizations of labor safety and health and employees job description

7.1. Organization

- 7.1.1. The CEO shall be directly responsible for maintaining labor safety, improving labor conditions and implementation and monitoring of legislation.
- 7.1.2. The HSE Manager, senior staff, and staff shall work under direct supervision of the CEO.
- 7.1.3. The HSE committee shall operate within the laws and regulations of the Mongolian government.
- 7.1.4. All employees of the company must follow the requirements and regulations related to the directions of the company given by the HSE committee and staff.

7.2. Job descriptions

7.2.1. HSE manager, senior staff, and staff:

- To introduce and develop the HSE management system to prevent industrial accidents and injuries that may arise.
- To introduce and develop the Environmental management system.
- To provide professional HSE regulations and guidance to management and all other employees
- To develop the culture and habit of working in a safe and healthy environment for all employees
- To inspect and monitor implementation of laws and regulations as well as take corrective actions to eliminate violations.
- To improve and ensure a healthy workplace for employees.
- To ensure fire safety and prevention
- To organize the required trainings for employees

7.2.2. Health, Safety and Environment committee:

- To plan and budget the annual HSE activities.
- To improve labor organization, to introduce Health, Safety and Environment management system and to take initiative to propose new techniques and advanced technology to company operations.
- To get a professional assessment of workplace conditions and report the corresponding results to all employees.
- To organize joint activities between the employer and employee to ensure the prevention of industrial accidents, occupational disease, and acute poisoning.
- To be updated on near miss accident records; and to recommend workplace risk assessment methodology.
- To provide special workwear and PPE and its supply, usage, sanitation, hygiene and health check coverage and its treatment; to inspect employee food quality and report results to the employees.
- To promote awareness of the HSE legislation, to heighten the overall employee responsibilities and obligations to laws, regulations, and standards and to participate in strengthening labor discipline activities.
- To submit recommendations and requirements to management regarding comments on the HSE policy
- To actively participate in developing a safe and healthy working culture among employees

7.2.3. Department head and manager:

- To include department employees in special training i.e. CRM training.
- To prepare fire safety action plan and annually train and participate.
- To develop and enforce “Health, Safety and Environment Policy” in accordance with department operation.
- To ensure the relevant department of Premium Concrete LLC is informed pre new machinery being installed and applicable permits and authorizations are obtained.

7.2.4. Technical Engineer and Department senior staff

- To organize HSE related activities at the corresponding unit
- To develop guidelines and to provide initial and repeat training to employees.
- To conduct analysis on accidents and occupational disease and take preventative measures.

8.0. Employer Rights and Responsibilities on HSE

8.1. Premium Concrete LLC and its subsidiaries responsibilities:

8.1.1. To create and organize an environment where chemical, physical and biological factors generated during the industrial process do not influence workplace hygiene and environment.

8.1.2. If hazardous conditions that have adverse effects on human life and health arise, immediately stop that operation and eliminate it.

8.1.3. To introduce the HSE management system that shall protect employees from potential accidents, injuries and illnesses that may arise at the workplace.

8.1.4. To complete risk assessments to eliminate and monitor potential workplace accidents

8.1.5. To complete an assessment on the conditions of the workplace

8.1.6. To develop and enforce regulation, procedure and instruction that fits workplace characteristics.

8.1.7. To organize safety awareness training, to test the employee's knowledge about the HSE policy annually, to provide safety instructions, and prohibit employees who did not attend safety training or pass the exams from work.

8.1.8. To provide free food supplements and meals that contain neutralizing substances to employees who work in toxic and hazardous conditions.

8.1.9. As required in the HSE Policy, provide accommodation during breaks for employees who work in conditions that are extremely cold or hot, windy, or precipitating to warm up, rest and take shelter.

8.1.10. To record quantitative information on industrial accidents, acute poisoning and occupational disease and inform the relevant organizations.

8.1.11. To allow full access to authorized personnel in charge of monitoring the implementation of the HSE policy

8.1.12. To take corrective actions and report back on HSE policy violations and lack of compliance

8.1.13. To ensure safe and healthy working conditions are being implemented, the employer must approve the annual budget, action plan and oversee the proper spending of the budget.

8.1.14. To compensate employees who lost their working abilities because of an industrial accident, poisoning or occupational disease.

8.1.15. To maintain safe and healthy working conditions for all employees

8.2. Premium Concrete LLC and its subsidiaries rights:

8.2.1. To appoint a Health, Safety and Environment committee

8.2.2. To approve Health, Safety and Environment related activities, expenses, and budget

8.2.3. To impose penalty on employees who have violated the HSE policy according to the relevant provisions of this policy, Labor Law and company regulations and procedures.

9.0. To Study and Register Industrial Accidents, Occupational Diseases and Acute Poisoning

9.1. Actions to take by the Employer during industrial accident and acute poisoning.

9.1.1. The employer shall take the citizen/employee who's had an industrial accident or acute poisoning to the hospital and have the required tests taken at company cost and take measures to eliminate any poisonous substance within 24 hours.

9.1.2. The employer has the responsibility to identify, investigate and record each industrial accident and acute poisoning according to Government regulations and shall appoint a part-time committee that will determine the cause of the accident and report.

9.1.3. The reports on industrial accidents shall be reviewed by the State Labor inspector and poisoning reports shall be reviewed by the State Health inspector.

9.1.4. If an employee, affected by an industrial accident or acute position, does not agree with the findings/report, he/she is entitled to go to an inspection organization of labor or to court.

9.1.5. The employer is responsible for the expenses of the examination and recording of the industrial accident or poisoning.

9.1.6. The employer shall report industrial accidents, occupational disease, and acute poisoning to the district statistics organization in accordance with relevant regulations.

9.2. Occupational disease and its labor management

9.2.1. The list of occupational diseases shall be approved by the State Authority in charge of health issues.

9.2.2. Loss of working ability, its percentage and duration caused by industrial accident, poisoning and occupational disease shall be determined by the Health and Labor Accreditation Commission.

10.0. Assessment of labor conditions of workplace

10.1. A professional agency will assess the labor conditions of the workplace.

10.2. The employer shall get the workplace assessed when a new position is opened, when the production and service circumstances of the position have changed and when raw materials containing toxic and dangerous substances are used for operation. A workplace assessment should be completed at least once a year.

11.0. To monitor implementation of labor safety and health legislations

11.1. Implementation of the HSE policy, the common standards and regulations, and the proper execution of the actions taken in response to risk assessments must be monitored internally monthly by the department head and daily by the unit head.

11.2. The department head shall organize corrective measures to eliminate violations uncovered during internal audits and report results to the HSE manager and committee.

11.3. An employee representative and the employee are entitled to participate in internal audit activities.

12.0. Leadership

12.1. Premium Concrete LLC and its subsidiary company's administration, HSE personnel, HSE committee, and HSE department and unit managers shall be the leaders in company safety and play key roles in organizing and implementing company-wide safety standards, rules, regulations, and guidelines.

13.0. Motivation

13.1. To implementing CRM achievement recognition program, to improve working condition in the workplace, to prevent industrial accidents and to ensure labor safety, Premium Concrete LLC shall organize a competition in honor of the CEO and award employees with exemplary workplace conditions and zero accidents at the end of the year.

13.2. Each employee has the obligation to comply with safety operation guidelines and regulations, to report potential or occurred accidents, to wear the assigned workwear and personal protective equipment, and to protect their own and others' health and safety. The company shall award employees who initiated and contributed to the implementation and adherence of the Health, Safety and Environment policy.