

APPENDIX 8

CONTRACTOR LIABILITY FOR NON-COMPLIANCE WITH THE SAFE WORKING PROCEDURES AND CONSTRUCTION SITE CODE OF CONDUCT

The Contractor has read and accepts the requirements of the Employer with regard to minimizing the number of accidents in the performance of the Works. The Contractor undertakes, together with any of its Subcontractors, to achieve this goal, strictly observing the occupational health and safety and environmental protection rules (the “HSE Rules”) and the requirements set out in this Appendix and Occupational Health and Safety Plan. The Contractor understands the importance of the safety aspect of the Project and shall take all the necessary measures to achieve this goal successfully. The Contractor guarantees that its employees and employees of any Subcontractors have familiarized themselves and will comply with the Georgian standards and the Project safety requirements set forth herein.

In case of any non-compliance by the Contractor with the safe working procedures specified in par. 1-23 of Appendix No. 7, the Contractor and the Employer shall produce a breach report on non-compliance with the safe working procedures and construction site code of conduct in accordance with the form provided in this Annex containing a description of the non-compliances and the time frame for remedying them.

Non-appearance of the Contractor for preparing the breach report as well as refusal of the Contractor to sign the breach report shall entitle the Employer to draw up and sign the breach report unilaterally.

Based on the breach report, the Employer shall have the right to impose on the Contractor (for each breach) a fine of:

1. GEL 100 for a failure to mark off, before the commencement of the works involving occupational risks, the dangerous zones where people are constantly exposed or may be exposed to hazardous factors (par. 4.8 of SNiP 12-03-2001);
2. GEL 100 for absence of protective, safety, or warning barriers around workplaces and passages to them located on structural system elements at a height of more than 1.3 m and at a distance of less than 2 m from the edges (par. 6.2.16 of SNiP 12-03-2001);
3. GEL 200 for the Contractor employees working at a height of more than 1.3 m without a safety harness in places where there are no safety guard rails (par. 6.2.18 of SNiP 12-03-2001);
4. GEL 200 for the Contractor employees not wearing special clothes and not using personal protective equipment at the Construction Site (par. 5.13 of SNiP 12-03-2001);
5. GEL 100 for the Contractor and Subcontractors employees not wearing protective helmets with the logo of their organization;
6. GEL 100 for a failure to keep the access roads and passages to workplaces free from debris and building materials and keep them clean (par. 6.1.6 SNiP 12-03-2001). Workplaces shall be tidied up at the end of the working day.

7. GEL 200 for missing occupational health and safety documents and (or) failure to make these documents available for audit (par. 5.10 of SNiP 12-03-2001);
8. GEL 100 for a missing safe work permit in accordance with the list (Annex E of SNiP 12-03-2001);
9. GEL 100 for a breach of the safety requirements concerning storage and use of cylinders (par. 9.4 of SNiP 12-03-2001);
10. GEL 150 for smoking anywhere other than in designated smoking areas;
11. GEL 400 for a fire safety rules violation (approved by Order of the Government No. 370 dated July 23, 2015);
12. GEL 200 for any failure to comply with the electrical installation code;
13. GEL 100 for a breach of the safety requirements during the operation of mechanical equipment, scaffolding, and hand-held tools (par. 4.7 of SNiP 12-03-2001);
14. At the Construction Site there are in place the following requirements that must be met:
 - a. Only a microwave oven may be used to reheat food – cooking at the Construction Site is prohibited. Any breach shall be punishable with a fine of GEL 200;
 - b. Only a kettle on a base made of non-flammable materials and equipped with an automatic shut-off function may be used. Any breach shall be punishable with a fine of GEL 200;
 - c. Only convectors may be used for heating. Any breach shall be punishable with a fine of GEL 200;
 - d. Living at the Construction Site is strictly prohibited. Any breach shall be punishable with a fine of GEL 2,000;
 - e. Employees of the Contractor are forbidden to drink alcoholic beverages and/or take narcotics and similar substances at the Construction Site. Any breach of this prohibition shall be punishable with a fine of GEL 400. Any person suspected of drinking/taking any of the above shall not be allowed to enter the Construction Site. In order to monitor compliance with the above prohibition, the Employer shall have the right to check employees of the Contractor and Subcontractors using a breathalyzer test and the employees shall undergo the test.
 - f. Gambling is prohibited. Any breach shall be punishable with a fine of GEL 100;
 - g. There are prohibited scuffles, hooliganism, misbehavior, other violations of the code of conduct. They shall be punishable with a fine of GEL 4,000 and removal of the Contractor employee who violated this prohibition from the Construction Site. The said employee shall not be allowed to enter the Construction Site.

15. GEL 100 for the unserviceable condition of lifting accessories (textile and metal slings, sling fittings, etc.), missing technical data sheet/certificate (par. 8.2.3 of SNiP 12-03-2001);
16. All employees in the working area, regardless of their position and work performed, shall inform the Occupational Safety Department about violations of the safe working procedures and warn the violator. Any failure to comply with this duty shall be punishable with a fine of GEL 100.
17. GEL 400 for allowing unauthorized people at the Construction Site and near the construction zone and allowing them to take photos of the Facility;
18. GEL 100 for a failure by the Contractor to engage competent employees specially trained to perform the works in accordance with HSE requirements. The Employer shall have the right to provide training aids and also training seminars and briefings for the Contractor.
19. When and where it is required by employees or representatives of the Employer, the Contractor shall attend all the HSE meetings, events, etc. Any failure to comply with this duty shall be punishable with a fine of GEL 200.
20. For the period of the Works performance the Contractor shall guarantee the provision and constant availability of the required number of fully equipped first aid kits. The Contractor and Subcontractors' employees shall have access to these first aid kits. Any failure to comply with this duty shall be punishable with a fine of GEL 200.
21. The Contractor shall, before the commencement of the Works, develop and obtain approval of emergency procedures in its areas of responsibility and the Employer shall agree to these necessary procedures. The Contractor shall comply with the provisions of the Georgian legislation regarding the physical condition, age, and mental fitness of employees for the Works performance. This shall also include undergoing a medical check-up at suitable institutions in Georgia before starting work in the manner stipulated by the legislation. Any failure to comply with this duty shall be punishable with a fine of GEL 100.
22. If the Contractor fails to remedy the non-compliances within the time period specified in the breach report, the Employer shall have the right to charge and the Contractor shall pay to the Employer additionally double the amount of the corresponding fine.
23. The Contractor shall pay the above fines based on a written notice of imposing a fine for a violation of the safe working procedures within three (3) business days after receiving the notice.
24. The Parties agree that these fines are proportionate to the consequences of the obligations non-performance by the Contractor. The losses that are incurred by the Employer and related to the Contractor's performance of obligations under the Agreement shall be recovered in addition to the default penalty.